

STATE OF INDIANA)
) SS:
COUNTY OF STEUBEN)

IN THE STEUBEN SUPERIOR COURT
CAUSE NO.

RALPH TRINE and
SHERI TRINE,

Plaintiffs,

v.

BUCKEYE STATE MUTUAL
INSURANCE COMPANY,

Defendant.

COMPLAINT FOR DECLARATORY JUDGMENT AND FOR DAMAGES

COME NOW the Plaintiffs, Ralph and Sheri Trine, by counsel, the law firm of Burt, Blee, Dixon, Sutton & Bloom, LLP, and pursuant to I.C. § 34-14-1, *et seq.* and Trial Rule 57 of the Indiana Rules of Trial Procedure, hereby bring their Complaint for Declaratory Judgment and for Damages against the Defendant, Buckeye State Mutual Insurance Company, alleging and stating as follows:

PARTIES

1. Plaintiffs, Ralph and Sheri Trine (the "Trines"), are citizens over the age of eighteen (18) currently residing within the County of Steuben, State of Indiana.
2. Upon information and belief, Defendant, Buckeye State Mutual Insurance Company ("Buckeye"), is a for-profit corporation organized and existing under the laws of the State of Ohio with its principal place of business located at One Heritage Place, Piqua, OH 45356.
3. The Registered Agent for Buckeye is William L. Sweet, Jr., at 200 East Main Street, Suite 800, Fort Wayne, IN 46801.

EXHIBIT

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4. Buckeye does business, and has offices and agencies, within the State of Indiana and within the County of Steuben.

JURISDICTION AND VENUE

5. This Court has jurisdiction over this matter and the parties hereto.

6. Venue is proper in this Court pursuant to Trial Rule 75 of the Indiana Rules of Trial Procedure.

7. Venue is preferred in this Court pursuant to Trial Rule 75(A) of the Indiana Rules of Trial Procedure.

8. This Court has authority to enter declaratory relief upon request of a hearing pursuant to I.C. § 34-14-1 *et seq* and Trial Rule 57 of the Indiana Rules of Trial Procedure.

GENERAL ALLEGATIONS

9. At all times relevant, the Trines were insured by Buckeye for their primary residential real estate within Steuben County, Indiana, located at 4236 SR 127, Angola, Indiana 46703 (the "Real Estate").

10. The Trines sought and obtained from Buckeye a policy of insurance, Policy No. HM020001162 ("Policy"), which Policy provides insurance coverage for the Real Estate. Relevant portions of the Policy are attached hereto as Exhibit "A".

11. In and around April of 2014 the Trines discovered damage to the Real Estate, which property was covered under the Policy.

12. The damage to the Real Estate occurred during, and at least in part by reason of an, extremely harsh winter weather.

13. The Policy issued by Buckeye in favor of the Trines was obtained specifically to cover the Real Estate.

14. After the Trines timely notified Buckeye of the damage to the Real Estate and made a claim on the Policy, Buckeye ordered an inspection of the Real Estate.

15. Non-party, Donan Engineering, performed an inspection of the Real Estate on April 21, 2014 and determined that the property had, in fact, been damaged. A true and accurate copy of the Donan inspection report is attached hereto as Exhibit "B".

16. On May 15, 2014 Buckeye sent a letter to the Trines rejecting their claim. A true and accurate copy of said letter is attached hereto as Exhibit "C".

17. Despite the damage to the Real Estate, Buckeye refused to reimburse the Trines for the damages to the Real Estate, alleging numerous exclusions to the Policy.

18. The damages claimed by the Trines include the following covered property:

- a. Damages to the slate roof;
- b. The swimming pool and surrounding area incurred cracks and displacement of the slab;
- c. A vertical gap formed between the cove molding and wall;
- d. Numerous cracking of the floors;
- e. Leaning decorative columns;
- f. Buckled exterior finishing;
- g. Cracks in drywall;
- h. Gaps in door thresholds;
- i. Damage to sheathing and insulation;
- j. Cracks in marble tile; and
- k. Loss of and damage to "personal property";

(hereinafter, collectively, "The Losses").

19. As a result of The Losses and in conjunction therewith, the Real Estate experienced additional damages in the form of mold and rot throughout the property ("Mold Damage").

20. As a result of The Losses, the Trines' residence was damaged to such an extent that it required demolition of the property.

21. The Losses and Mold Damage required remediation for which the Trines have and will incur financial losses in an amount yet to be fully ascertained.

22. As a result of the Mold Damages, Plaintiff Ralph Trine has incurred injury, medical bills, and pain and suffering.

23. As a result of the Mold Damages, the Trines have incurred incidental, consequential and other economic losses, including losses to real and personal property, the full extent of which are unknown.

COUNT I

24. The Trines hereby restate and re-allege each and every allegation set forth in rhetorical paragraphs 1 through 23 as if fully set forth herein.

25. Pursuant to the terms of the Policy, Buckeye is obligated to pay the Trines for The Losses and Mold Damage to the Real Estate as outlined therein.

26. The issuance of a declaratory judgment with regard to coverage would effectively determine the rights, duties and liabilities of Buckeye under the Policy.

27. The issues in this action for declaratory judgment are ripe for decision and relate to the construction, and validity, of the Policy, including the rights of the Trines to recover damages for The Losses and Mold Damage incurred in and around January 2014.

28. There exists a real controversy as to the rights, liabilities, and duties of the parties herein under the Policy.

WHEREFORE, the Trines, by counsel, hereby respectfully request that this Court enter declaratory judgment in their favor declaring that the Trines are entitled to reimbursement for damages incurred as a result of The Losses, under the terms of Policy No. HM020001162, for an award in costs of attorney's fees as made appropriate by I.C. § 34-14-1-10, as such award would be equitable, and for any other just and proper relief that this Court may deem just in the premises.

COUNT II

29. The Trines hereby restate and re-allege each and every allegation contained in rhetorical paragraphs 1 through 28 as if fully set forth herein.

30. Indiana law imposes upon insurers an obligation of good faith and fair dealing with its insured.

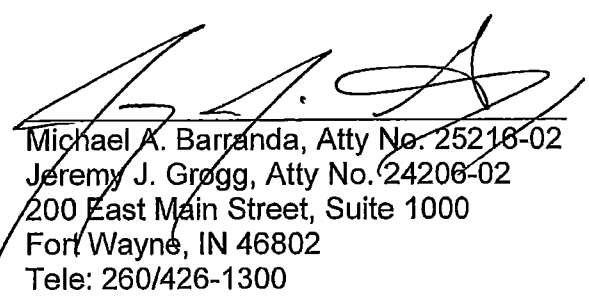
31. Despite the Trines' numerous attempts to obtain cooperation from Buckeye under the terms of the Policy, Buckeye has refused, and continues to refuse, to acknowledge the Trines' rights to recover for damages incurred to the Real Estate.

32. The actions of Buckeye are such that punitive damages, including treble damages, and attorney's fees are appropriate.

WHEREFORE, the Trines, by counsel, hereby respectfully request that this Court enter judgment in their favor and against the Defendant, Buckeye State Mutual Insurance Company, in an amount equal to any and all direct, incidental and consequential damages owed under the Policy as well as any punitive damages, treble damages, and attorney's fees and all other just and proper relief in the premises.

Respectfully submitted,

BURT, BLEE, DIXON, SUTTON & BLOOM, LLP



Michael A. Barranda, Atty No. 25218-02

Jeremy J. Grogg, Atty No. 24206-02

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ATTORNEYS FOR PLAINTIFFS

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This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

LIMITED BACTERIA, FUNGI, WET ROT, OR DRY ROT COVERAGE

(Entries required to complete the Schedule will
be shown below or on the "declarations".)

Schedule

- A. The aggregate "limit" that applies to the Incidental Property Coverage for Bacteria, Fungi, Wet Rot, Or Dry Rot is \$ 10,000.
- B. The Coverage L Annual Aggregate Sub-limit for Bacteria, Fungi, Wet Rot, Or Dry Rot is \$ 50,000.

This policy is amended to include the following "terms". All other "terms" of the policy apply, except as amended by this endorsement.

PROPERTY COVERAGES

INCIDENTAL PROPERTY COVERAGES

The following coverage is added:

Bacteria, Fungi, Wet Rot, Or Dry Rot – The coverage set forth below does not apply to bacteria, "fungi", wet rot, or dry rot that result from fire or lightning.

- a. The aggregate "limit" shown in item A. in the Schedule above for the Incidental Property Coverage for Bacteria, Fungi, Wet Rot, Or Dry Rot is the most "we" pay for the total of all loss covered under:
 - 1) the Principal Property Coverages; and
 - 2) the Incidental Property Coverages, except Emergency Removal and, if provided by this policy, Collapse;

caused by or consisting of bacteria, "fungi", wet rot, or dry rot.

This aggregate "limit" applies regardless of the number of claims made, assessments made, or locations insured under this policy. The aggregate "limit" is the most "we" pay for each consecutive annual period and for any remaining period of less than 12 months, beginning with the inception date of this policy as shown on the "declarations", for the total of all loss, cost, or expense covered under this Incidental Property Coverage. If, however, the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding period for the purpose of determining the "limit".

This coverage does not increase the "limits" shown for the property covered.

- b. The aggregate "limit" set forth in a. above also applies to any cost or expense to:
 - 1) clean up, contain, treat, detoxify, or neutralize bacteria, "fungi", wet rot, or dry rot on covered property or remove bacteria, "fungi", wet rot, or dry rot from covered property;
 - 2) remove and replace those parts of covered property necessary to gain access to bacteria, "fungi", wet rot, or dry rot; and

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- 3) test for the existence or level of bacteria, "fungi", wet rot, or dry rot, or the lack thereof, but only if there is reason to believe that bacteria, "fungi", wet rot, or dry rot is present and then only to the extent of that belief. This applies regardless of when such testing is performed.
- c. The coverage set forth in a. and b. above applies only when:
 - 1) such loss, cost, or expense is a result of a Peril Insured Against that occurs during the policy period; and
 - 2) all reasonable steps were taken to protect covered property from further damage at and after the time the Peril Insured Against occurred.
- d. The "terms" of this Incidental Property Coverage do not apply to covered loss or damage to covered property that is not caused, in total or in part, by bacteria, "fungi", wet rot, or dry rot, except to the extent that bacteria, "fungi", wet rot, or dry rot cause an increase in the loss. When bacteria, "fungi", wet rot, or dry rot cause an increase in such a loss, that increase is subject to the "terms" of this Incidental Property Coverage.

EXCLUSIONS THAT APPLY TO PROPERTY COVERAGES

The Bacteria, Fungi, Wet Rot, Or Dry Rot exclusion is deleted and replaced by the exclusion that follows.

However, this does not delete or replace the provision added to the Bacteria, Fungi, Wet Rot, Or Dry Rot exclusion by any of the following endorsements, if attached to this policy:

- a. Computer Coverage;
- b. Coverage C -- Personal Property -- Special Coverage;
- c. Special Personal Property Coverage; or

- d. Unit-Owners Coverage C -- Special Coverage.

Bacteria, Fungi, Wet Rot, Or Dry Rot -- "We" do not pay for loss, cost, or expense caused by, consisting of, or relating to the existence of or any activity of bacteria, "fungi", wet rot, or dry rot, except as provided under the Incidental Property Coverage for Bacteria, Fungi, Wet Rot, Or Dry Rot. This applies even if the bacteria, "fungi", wet rot, or dry rot result from or are aggravated by a loss that may be covered by this policy, including but not limited to loss caused by the accidental discharge of water or steam from a plumbing, heating, air-conditioning, or automatic fire protective sprinkling system; water heater; or domestic appliance.

However, this exclusion does not apply to bacteria, "fungi", wet rot, or dry rot that result from fire or lightning.

"We" do pay for direct loss to covered property caused by a Peril Insured Against resulting from bacteria, "fungi", wet rot, or dry rot.

HOW MUCH WE PAY FOR LOSS OR OCCURRENCE

1. With respect to "bodily injury" or "property damage" arising out of bacteria, "fungi", wet rot, or dry rot, Coverage L -- Personal Liability is deleted and replaced by the following:

Coverage L -- Personal Liability

- a. Subject to the Coverage L Annual Aggregate Sub-limit for Bacteria, Fungi, Wet Rot, Or Dry Rot, the "limit" shown on the "declarations" for Coverage L is the most "we" pay for loss for each "occurrence". This applies regardless of the number of:
 - 1) persons insured under this policy;
 - 2) parties who sustain injury or damage;

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- 3) claims made or suits brought; or
- 4) policy periods involved.

All "bodily injury" and "property damage" arising out of any one accident or out of repeated exposures to similar conditions will be considered one "occurrence".

- b. The most "we" pay for the total of all "bodily injury" and "property damage" that arise directly or indirectly, in total or in part, out of the actual, alleged, or threatened ingestion of, inhalation of, contact with, exposure to, existence of, presence of, or activity of bacteria, "fungi", wet rot, or dry rot is the "limit" shown in item B. in the Schedule above as the Coverage L Annual Aggregate Sub-limit for Bacteria, Fungi, Wet Rot, Or Dry Rot.

However, this does not apply to:

- 1) "bodily injury" that results from "fungi" cultivated or harvested for human consumption or food-borne or beverage-borne bacteria that cause illness commonly known as food poisoning (Food-borne or beverage-borne bacteria that cause illness commonly known as food poisoning include but are not limited to Staphylococcus aureus, Salmonella, Clostridium perfringens, Campylobacter, Listeria monocytogenes, Vibrio parahaemolyticus, Bacillus cereus, and Escherichia coli.);
- 2) "bodily injury" to a "farm employee" to the extent that coverage for "bodily injury" to "farm employees" is provided by this policy; or
- 3) "bodily injury" or "property damage" that results from a slip, fall, or loss of footing attributable to a surface made slippery by the presence of or existence of bacteria, "fungi", wet rot, or dry rot.

- c. The Coverage L Annual Aggregate Sub-limit for Bacteria, Fungi, Wet Rot, Or Dry Rot applies regardless of the number of:

- 1) "occurrences";
- 2) "insureds";
- 3) claims made;
- 4) suits brought;
- 5) persons who sustain injury or whose property is damaged; or
- 6) locations insured under this policy.

The "limit" shown in item B. in the Schedule above as the Coverage L Annual Aggregate Sub-limit for Bacteria, Fungi, Wet Rot, Or Dry Rot is the most that "we" pay for each consecutive annual period and for any remaining period of less than 12 months, beginning with the inception date of this policy as shown on the "declarations". If, however, the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding period for the purpose of determining the "limit".

The Coverage L Annual Aggregate Sub-limit for Bacteria, Fungi, Wet Rot, Or Dry Rot does not increase the Coverage L "limit".

2. With respect to "bodily injury" or "property damage" arising out of bacteria, "fungi", wet rot, or dry rot, Severability is deleted and replaced by the following:

Severability -- The Liability Coverages provided by this policy apply separately to each "insured", except with respect to the "limits" that apply.

Therefore, this provision does not increase the Coverage L Annual Aggregate Sub-limit for Bacteria, Fungi, Wet Rot, Or Dry Rot, regardless of the number of "insureds".

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THIS IS A LEGAL CONTRACT
-- PLEASE READ IT CAREFULLY --

SPECIAL BUILDING AND CONTENTS FORM

The following Table of Contents shows how the policy is organized. It will help "you" locate particular sections of the policy.

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Endorsements and schedules may also be part of this policy. They are identified on the "declarations".

Words and phrases that have special meaning are shown in quotation marks. The special meanings for these words and phrases are set forth in Definitions.

AGREEMENT

This policy, subject to all of its "terms", provides the described insurance coverages during the policy period. In return "you" must pay the required premium. Each of the Principal Coverages described in this policy applies only if a "limit" is shown on the "declarations" for that coverage.

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DEFINITIONS

1. The words "you" and "your" mean the person or persons named as the insured on the "declarations". This includes "your" spouse if a resident of "your" household.
2. The words "we", "us", and "our" mean the company providing this insurance.
3. "Actual cash value" means the cost to repair or replace property using materials of like kind and quality, to the extent practical, less a deduction for depreciation, however caused.
4. Under the Liability Coverages provided by this policy, "aircraft" means an apparatus or a device designed or used for flight, but this does not include:
 - a. a model aircraft that is not designed or used to carry people or cargo;
 - b. a "hovercraft"; or
 - c. a model hovercraft that is not designed or used to carry people or cargo.
5. "Bodily Injury" means bodily harm to a person and includes sickness, disease, or death. This also includes required care and loss of services.

However, "bodily injury" does not mean bodily harm, sickness, disease, or death that arises out of mental or emotional injury, suffering, or distress that does not result from actual physical injury to a person.
6. "Business" means:
 - a. a trade, a profession, or an occupation, including farming, all whether full time, part time, or occasional. This includes the rental of property to others, but does not include:
 - 1) the occasional rental for residential purposes of that part of the "described location" normally occupied solely by "your" household; or
 - 2) the rental or holding for rental of a portion of that part of the "described location" normally occupied by "your" household to no more than two roomers or boarders for use as a residence; or
 - b. any other activity undertaken for money or other compensation, but this does not include:
 - 1) providing care services to a relative of an "insured";
 - 2) providing services for the care of persons who are not relatives of an "insured" and for which the only compensation is the mutual exchange of like services;
 - 3) a volunteer activity for which:
 - a) an "insured" receives no compensation; or
 - b) an "insured's" only compensation is the reimbursement of expenses incurred to carry out the activity; or
 - 4) an activity not described in 1) through 3) above for which no "insured's" total compensation for the 12 month period just before the first day of this policy period was more than \$2,500.
7. "Declarations" means all pages labeled declarations, supplemental declarations, or schedule that pertain to this policy.
8. "Described location" means the one- to four-family house, the townhouse, or the row house where "you" reside and which is shown on the "declarations" as the "described location". It includes related private structures and grounds at that location.

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However, if the "described location" is a townhouse or a row house, it includes only related private structures and grounds at that location that are used or occupied solely by "your" household for residential purposes.

9. "Domestic employee" means a person employed by an "insured", or a person leased to an "insured" under a contract or an agreement with a labor leasing firm, to perform duties that relate to the use or care of the "described location". This includes a person who performs duties of a similar nature elsewhere for an "insured", provided such duties are not in connection with an "insured's" "business".

However, "domestic employee" does not include a person who is furnished to an "insured":

- a. as a temporary substitute for a permanent "domestic employee" who is on leave; or
 - b. to meet seasonal or short-term workloads.
10. "Employee" means a person employed by an "insured", or a person leased to an "insured" under a contract or an agreement with a labor leasing firm, to perform duties other than those performed by a "domestic employee".
11. "Fungi" means any kind or form of fungus, including but not limited to mildew and mold, and any chemical, matter, or compound produced or released by a fungus, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.
12. Under the Liability Coverages provided by this policy, "hovercraft" means a self-propelled motorized ground effect machine or air cushion vehicle designed or used to travel over land or water. This includes, but is not limited to, a flarecraft.

However, "hovercraft" does not include:

- a. a model hovercraft that is not designed or used to carry people or cargo;
 - b. an "aircraft";
 - c. a model aircraft that is not designed or used to carry people or cargo;
 - d. a "motorized vehicle";
 - e. a "watercraft"; or
 - f. a model watercraft that is not designed or used to carry people or cargo.
13. "Insured" means:
- a. "you";
 - b. "your" relatives if residents of "your" household;
 - c. "your" relatives under the age of 25 years who:
 - 1) are financially dependent upon "you";
 - 2) are students enrolled in school full time, as defined by the school; and
 - 3) were residents of "your" household just before moving out to attend school;
 - d. persons, other than "your" relatives, under the age of 21 years who:
 - 1) reside in "your" household; and
 - 2) are in "your" care or in the care of "your" resident relatives;
 - e. persons, other than "your" relatives, under the age of 21 years who:
 - 1) are in "your" care or in the care of "your" resident relatives;
 - 2) are students enrolled in school full time, as defined by the school; and
 - 3) were residents of "your" household just before moving out to attend school; or

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f. solely with respect to the Liability Coverages provided by this policy:

- 1) persons in the course of acting as "your" real estate manager for the "described location", but only with respect to acts falling within the scope of such duties;
- 2) persons while engaged in the employ of an "insured" as defined in a., b., c., d., or e. above, but only with respect to a "motorized vehicle" to which this insurance applies;
- 3) persons using a "motorized vehicle" to which this insurance applies on an "insured premises" with "your" consent, but only with respect to such use;
- 4) persons or organizations accountable by law for "watercraft" or animals:
 - a) owned by an "insured" as defined in a., b., c., d., or e. above; and
 - b) to which this insurance applies;

but only with respect to such "watercraft" or animals.

However, this does not include persons or organizations using or having charge or control of such "watercraft" or animals in the course of "business" or without the owner's consent; or

- 5) persons or organizations accountable by law for a motorized golf cart:
 - a) owned by an "insured" as defined in a., b., c., d., or e. above; and
 - b) to which this insurance applies;

but only with respect to such golf cart.

However, this does not include persons or organizations using or having charge or control of such golf cart without the owner's consent.

The phrase an "insured", wherever it appears in this policy, means one or more "insureds".

14. "Insured premises" means:

- a. the "described location";
- b. that part of any other premises used by "you" as a residence and shown on the "declarations" as an "insured premises";
- c. that part of any other premises used by "you" as a residence and that is acquired by "you" during the policy period for such use;
- d. premises used by "you" in connection with a premises described in a., b., or c. above;
- e. cemetery lots and burial vaults of an "insured";
- f. that part of a premises not owned by an "insured" and that is temporarily used by an "insured" as a residence;
- g. that part of a premises occasionally rented to an "insured" for other than "business" purposes; and
- h. vacant land owned by or rented to an "insured". This includes land where a one- to four-family house, a townhouse, or a row house is being built for use as an "insured's" residence. This does not include farm land.

15. "Limit" means amount of insurance.

16. "Motorized vehicle" means:

- a. a self-propelled land or amphibious vehicle, regardless of method of surface contact, but this does not include a:

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- 1) "hovercraft";
 - 2) model hovercraft that is not designed or used to carry people or cargo;
 - 3) "watercraft"; or
 - 4) model watercraft that is not designed or used to carry people or cargo; or
- b. a trailer or semitrailer that:
- 1) is attached to or being carried on or towed by; or
 - 2) becomes detached while being carried on or towed by;
- a vehicle described in a. above.
17. "Occurrence" means an accident, including repeated exposures to similar conditions, that results in "bodily injury" or "property damage" during the policy period.
18. "Pollutant" means:
- a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be disposed of as well as recycled, reclaimed, or reconditioned; and
 - b. electrical, magnetic, or electromagnetic particles or fields, whether visible or invisible, and sound.
19. "Property damage" means:
- a. physical injury to or destruction of tangible property; or
 - b. the loss of use of tangible property whether or not it is physically damaged.
20. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting covered property. The earth settlement or collapse must result from subterranean voids created by the action of water on a limestone or similar rock formation.

"Sinkhole collapse" does not include the cost of filling sinkholes.

21. "Specified perils" means the following perils:

- a. Accidental Discharge Or Overflow Of Water Or Steam from a plumbing, heating, air-conditioning, or automatic fire protective sprinkling system, water heater, or domestic appliance.

However, "we" do not pay for loss:

- 1) caused by continuous or repeated discharge, seepage, or leakage of water, or the presence or condensation of humidity, moisture, or vapor, over a period of weeks, months, or years, unless no "insured" knew of or could reasonably be expected to suspect such discharge, seepage, or leakage of water or the presence or condensation of humidity, moisture, or vapor;
- 2) on the "described location" if the residence covered under Coverage A has been vacant for more than 60 days in a row just before the loss. A residence being built is not vacant;
- 3) caused by or resulting from freezing, except as provided in f. below; or
- 4) to the system or appliance from which the water or steam escaped.

In this peril, plumbing systems and domestic appliances do not include sumps, sump pumps, or related equipment; any other type of system designed to remove subsurface water which is drained from the foundation area; or roof drains, gutters, downspouts, or like equipment.

Under Exclusions That Apply To Property Coverages, 1)b) and 3) of the Water exclusion that apply to surface water and water below the surface of the ground do not apply with respect to loss by water covered under this peril.

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b. Aircraft -- This includes self-propelled missiles and spacecraft.

c. Explosion

d. Falling Objects

However, "we" do not pay for loss to:

- 1) the interior of a building, or to property inside a building, unless the falling object has first damaged an outside wall or the roof of the building by impact; or
- 2) the object that falls.

e. Fire Or Lightning

f. Freezing -- This means freezing of a plumbing, heating, air-conditioning, or automatic fire protective sprinkling system, water heater, or domestic appliance, subject to the requirements stated in 1) and 2) below. In this peril, plumbing systems and domestic appliances do not include sumps, sump pumps, or related equipment; any other type of system designed to remove subsurface water which is drained from the foundation area; or roof drains, gutters, downspouts, or like equipment.

- 1) When the building is protected by an automatic fire protective sprinkling system, coverage for loss caused by the peril of Freezing applies only if "you" have taken reasonable care to:

- a) maintain heat in the building; and
- b) continue the water supply.

- 2) When the building is not protected by an automatic fire protective sprinkling system, coverage for loss caused by the peril of Freezing applies only if "you" have taken reasonable care to:

- a) maintain heat in the building; or

b) shut off the water supply and completely empty water from all systems, heaters, and appliances.

g. Riot Or Civil Commotion

h. "Sinkhole collapse"

- i. Sudden And Accidental Damage From Smoke -- This includes sudden and accidental damage from fumes, smoke, soot, or vapors that emit or back up from a boiler, furnace, or related equipment.

However, "we" do not pay for loss caused by smoke from agricultural smudging or industrial operations.

- j. Sudden And Accidental Damage From Artificially Generated Electrical Currents

However, "we" do not pay for loss to tubes, transistors, electronic components, or circuitry that are a part of any type of an electronic apparatus, including but not limited to appliances, fixtures, computers, and home entertainment units.

- k. Sudden And Accidental Tearing Apart, Cracking, Burning, Or Bulging of a steam or hot water heating system, an air-conditioning or automatic fire protective sprinkling system, or a water heater.

However, "we" do not pay for loss caused by or resulting from freezing under this peril.

- l. Theft -- This includes attempted theft and loss of property from a known place when it is likely that theft occurred.

However, "we" do not pay for loss caused by:

- 1) theft by an "insured";

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- 2) theft in or to a residence being built, or theft of materials or supplies for use in construction of the residence, until the residence is occupied for its intended use;
- 3) theft from a part of the "described location" rented by an "insured" to a person other than another "insured"; or
- 4) theft that occurs away from the "described location" of property while on the part of residential premises that an "insured" owns, rents, or occupies, except for the time while an "insured" temporarily resides there.

m. Vandalism Or Malicious Mischief

However, "we" do not pay for loss to property on the "described location":

- 1) caused by vandalism or malicious mischief; or
- 2) that ensues from a wrongful act committed intentionally in the course of vandalism or malicious mischief;

If the residence covered under Coverage A was vacant for more than 60 days in a row just before the loss. A residence being built is not vacant.

n. Vehicles

o. Volcanic Eruption

However, this does not include loss caused by earthquake, land shock waves, or tremors.

p. Weight Of Ice, Snow, Or Sleet that causes damage to a building or property inside a building.

q. Windstorm Or Hail

However, "we" do not pay for loss:

- 1) to the interior of a building, or to property inside, caused by dust, rain, sand, sleet, or snow, all whether driven by wind or not, that enters through an opening in the building not made by the direct force of wind or hail; or
- 2) to watercraft or their furnishings, equipment, engines, motors, trailers, or semitrailers unless inside a fully enclosed building.

22. "Terms" means all provisions, limitations, exclusions, conditions, "declarations", and definitions used in this policy.

23. "Vermin" means an animal of a type that is prone to enter or burrow into or under a structure to seek food or shelter, including but not limited to:

- a. armadillos;
- b. bats;
- c. opossums;
- d. porcupines;
- e. raccoons;
- f. skunks; and
- g. snakes.

24. Under the Liability Coverages provided by this policy, "watercraft" means an apparatus or a device primarily designed to be propelled on or in water by engine, motor, or wind, but this does not include:

- a. a model watercraft that is not designed or used to carry people or cargo;
- b. a "hovercraft";
- c. a model hovercraft that is not designed or used to carry people or cargo;
- d. a "motorized vehicle";
- e. an "aircraft"; or

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- f. a model aircraft that is not designed or used to carry people or cargo.

PROPERTY COVERAGES

PRINCIPAL PROPERTY COVERAGES

1. Coverage A -- Residence

- a. "We" cover the residence on the "described location". This includes additions attached to the residence and built-in components and fixtures, as well as building materials and supplies located on or adjacent to the "described location" for use in the construction, alteration, or repair of the residence or related private structures on the "described location".
- b. "We" do not cover:
- 1) land, including the land on which covered property is located, except as provided under the Incidental Property Coverage for Liquid Fuel Remediation;
 - 2) underground water or surface water;
 - 3) trees, plants, shrubs, or lawns, except as provided under the Incidental Property Coverage for Debris Removal and the Incidental Property Coverage for Trees, Plants, Shrubs, Or Lawns; or
 - 4) grave markers or mausoleums, except as provided under the Incidental Property Coverage for Grave Markers.
- c. The "limit" that applies to Coverage A is the most "we" pay per occurrence for all property covered under Coverage A.

2. Coverage B -- Related Private Structures

- a. "We" cover related private structures on the "described location" that are not attached to the residence covered under Coverage A. Structures that are connected to the residence covered under Coverage A by only a fence, a utility line, or a similar connection are not considered attached.
- b. "We" also cover fences, driveways, sidewalks, and other permanently installed outdoor fixtures.
- c. "We" do not cover:
- 1) land, including the land on which covered property is located, except as provided under the Incidental Property Coverage for Liquid Fuel Remediation;
 - 2) underground water or surface water;
 - 3) trees, plants, shrubs, or lawns, except as provided under the Incidental Property Coverage for Debris Removal and the Incidental Property Coverage for Trees, Plants, Shrubs, Or Lawns;
 - 4) grave markers or mausoleums, except as provided under the Incidental Property Coverage for Grave Markers; or
 - 5) any structure:
 - a) rented or held for rental to any person who is not a tenant of the residence covered under Coverage A, other than a structure used solely for private garage purposes;
 - b) used, in whole or in part, for the direction or operation of a "business"; or
 - c) used, in whole or in part, for the storage of "business" property.

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However, this exclusion does not apply to a structure used by an "insured" or a tenant of the residence covered under Coverage A to store "business" property that:

- (1) is a private passenger auto, a pickup truck, a van, or a "motorized vehicle" designed for grounds maintenance activities such as lawn mowing or snow plowing; or
- (2) is owned solely by such "insured" or tenant and is not a "motorized vehicle"; and

does not consist of or contain gaseous or liquid fuel, other than fuel contained in a permanently installed fuel tank of a vehicle, craft, or grounds maintenance machine or in a portable container that is designed to hold fuel and has a capacity of no more than five U.S. gallons.

- d. The "limit" that applies to Coverage B is the most "we" pay per occurrence for all property covered under Coverage B.

3. Coverage C -- Personal Property

- a. "We" cover personal property owned or used by an "insured". At "your" option:
 - 1) personal property owned by a guest or "domestic employee" is covered while it is in that part of any residential premises occupied by an "insured"; and
 - 2) personal property owned by a person other than a guest or "domestic employee" is covered while it is in that part of the "described location" occupied by an "insured".

- b. **Limitation On Property At Residential Premises Other Than The Described Location --** Coverage for personal property usually on residential premises of an "insured" other than the "described location" is limited to 10% of the Coverage C "limit" or \$1,000, whichever is greater.

However, this limitation does not apply to personal property:

- 1) that is removed from the "described location" because the "described location" is undergoing alteration, reconstruction, or repair and is unfit for use as a residence or a place in which to store property; or
- 2) in "your" newly acquired principal place of residence for 30 days from the date that "you" first move property there.

- c. **Limitations On Certain Property --** The special "limits" shown below do not increase the Coverage C "limit". The "limit" for each class is the total "limit" per occurrence for all items in that class.

- 1) \$250 on money; bank notes; bullion; gold other than goldware and gold-plated ware; silver other than silverware and silver-plated ware; platinum other than platinumware and platinum-plated ware; coins; medals; scrip; smart cards; and cards or other devices on which a cash value is stored electronically.
- 2) \$2,500 on securities, stamps, letters of credit, notes other than bank notes, personal records, tickets, accounts, deeds, evidence of debt, passports, and manuscripts. This special "limit" applies regardless of the medium on which these items exist, and includes the cost of research or other expenses necessary to reproduce, replace, or restore the item.

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- 3) \$2,500 on electronic devices and accessories while in or on a "motorized vehicle" or watercraft, if the device can be operated from the electrical system of the "motorized vehicle" or watercraft and by another source of power. Accessories include antennas, films, tapes, wires, discs, records, or other media that can be used with such devices.
- 4) \$2,500 on electronic devices and accessories used primarily for "business" purposes while away from the "described location" and not in or on a "motorized vehicle" or watercraft, if the device can be operated from the electrical system of a "motorized vehicle" or watercraft and by another source of power. Accessories include antennas, films, tapes, wires, discs, records, or other media that can be used with such devices.
- 5) \$2,500 on watercraft, including their furnishings, equipment, engines, motors, trailers, and semitrailers.

However, this does not apply to:

- a) model watercraft that is not designed or used to carry people or cargo; or
 - b) hovercraft.
- 6) \$2,500 on trailers and semitrailers, other than trailers and semitrailers designed for or used with watercraft.
 - 7) For loss by theft, misplacing, or losing:
 - a) \$2,500 on jewelry, watches, precious and semiprecious stones, gems, and furs;
 - b) \$2,500 on silverware, goldware, platinumware, pewterware, and items plated with gold, silver, or platinum; and
 - c) \$2,500 on guns and items related to guns.

- 8) For loss to personal property used primarily for "business" purposes, other than property rented or held for rental to others:
 - a) \$2,500 on property while on the "described location"; and
 - b) \$500 on property while away from the "described location".

However, this special "limit" does not apply to electronic devices and accessories described in 3) and 4) above.

These special "limits" include the cost of research or other expenses necessary to reproduce, replace, or restore "business" data.

d. Personal Property Not Covered --
"We" do not cover:

- 1) property separately described and specifically insured by this or any other policy, regardless of the "limit" that applies to such property under such insurance;
- 2) animals, birds, fish, or insects;
- 3) "motorized vehicles".

a) This includes:

- (1) their parts, equipment, and accessories, other than property described in c.3) above; and
- (2) electronic devices and accessories that can be operated only from the electrical system of a "motorized vehicle", including antennas, films, tapes, wires, discs, records, or other media that can be used with such devices;

while in or on a "motorized vehicle".

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- b) However, this does not include a "motorized vehicle":
 - (1) that is designed to assist the handicapped; or
 - (2) that is:
 - (a) owned by an "insured";
 - (b) designed only for use off of public roads; and
 - (c) used only to service an "insured premises" or a premises of another;

if such "motorized vehicle" is not required by law or governmental regulation to be registered for use on public roads or property and is not used for "business" purposes;
- 4) aircraft, meaning apparatus or devices designed or used for flight. This includes parts or equipment of aircraft, whether or not attached.

However, this does not include model aircraft that are not designed or used to carry people or cargo;
- 5) hovercraft, meaning self-propelled motorized ground effect machines or air cushion vehicles, including but not limited to flarecraft, designed or used to travel over land or water. This includes parts or equipment of hovercraft, whether or not attached.

However, this does not include model hovercraft that are not designed or used to carry people or cargo;
- 6) property of roomers, boarders, or other tenants, but this does not include property of roomers or boarders who are related to an "insured";
- 7) property rented or held for rental to others by an "insured", but this does not include property in:
 - a) that part of the "described location" normally occupied solely by "your" household while rented to others on an occasional basis for residential purposes;
 - b) the portion of that part of the "described location" normally occupied by "your" household that is rented or held for rental to no more than two roomers or boarders for use as a residence; or
 - c) an apartment on the "described location" regularly rented or held for rental to others by an "insured", but only to the extent that coverage for such property is provided under the Incidental Property Coverage for Property In Rental Units;
- 8) loss that results from credit cards, electronic fund transfer cards, or electronic access devices that make possible the deposit, withdrawal, or transfer of funds, except as provided under the Incidental Property Coverage for Credit Card; Electronic Fund Transfer Card Or Access Device; Forgery; And Counterfeit Money;
- 9) grave markers or mausoleums, except as provided under the Incidental Property Coverage for Grave Markers;
- 10) land, including the land on which covered property is located, except as provided under the Incidental Property Coverage for Liquid Fuel Remediation;
- 11) underground water or surface water; or
- 12) trees, plants, shrubs, or lawns, except as provided under the Incidental Property Coverage for Debris Removal or the Incidental Property Coverage for Trees, Plants, Shrubs, Or Lawns.

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- e. Subject to the limitations described in b. and c. above, the "limit" that applies to Coverage C is the most "we" pay per occurrence for all property covered under Coverage C.

4. Coverage D -- Additional Living Costs And Loss Of Rent

- a. "We" pay for the necessary and reasonable increase in living costs "you" incur to maintain the normal standard of living of "your" household if that part of the "described location" occupied by "your" household is made unfit for use as a residence by a loss covered under the Property Coverages.

"We" pay only for the period of time reasonably required to make the "described location" fit for use or, if "your" household is permanently relocated, only for the period of time reasonably required for relocation. This period of time is not limited by the policy period.

- b. "We" pay for the fair rental value of that part of the "described location" rented or held for rental to others by "you" if it is made unfit for use as a residence by a loss covered under the Property Coverages.

However, "we" will deduct from the fair rental value any charges or expenses that do not continue while the part of the "described location" rented or held for rental to others is unfit for use.

"We" pay only for the period of time reasonably required to repair or replace the part of the "described location" rented or held for rental to others. This period of time is not limited by the policy period.

- c. "We" pay for "your" additional living costs and fair rental value as described in a. and b. above for up to two weeks if a premises neighboring the "described location" is directly damaged by a Peril Insured Against covered by this policy and "you" may not, by order of civil authority, use the "described location". This period of time is not limited by the policy period.
- d. "We" do not pay for loss, cost, or expense due to the cancellation of a lease or an agreement.
- e. The "limit" that applies to Coverage D is the most "we" pay for all of the coverages described in a., b., and c. above.

INCIDENTAL PROPERTY COVERAGES

This policy provides the following Incidental Property Coverages. They are subject to all of the "terms" of the applicable Coverage A, Coverage B, or Coverage C. These coverages provide additional insurance unless otherwise stated.

1. Association Deductible

- a. "We" pay for "your" share of a deductible applicable to the insurance held by a homeowners, condominium, or similar residential association. Coverage applies only when the deductible:
- 1) is charged against "you", during the policy period, as owner or tenant of the "described location"; and
 - 2) results from direct loss to property that:
 - a) would be eligible for coverage by this policy if it were owned by "you";
 - b) is covered under the insurance held by "your" association; and

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- c) is caused by a Peril Insured Against covered by this policy, but this does not include:
 - (1) earthquake; or
 - (2) land shock waves or tremors before, during, or after a volcanic eruption.
 - b. The most "we" pay is \$1,500 per occurrence unless a higher "limit" for Association Deductible is shown on the "declarations". The "limit" that applies is the most "we" pay for any one loss, regardless of the number of deductibles charged against "you".
 - c. The Policy Period condition under Conditions Applicable To Property Coverages Only does not apply to this Incidental Property Coverage.
2. Collapse
- a. "We" pay for direct physical loss to covered property involving the collapse of a building or a part of a building if the collapse was caused only by one or more of the following:
 - 1) a Peril Insured Against described under Coverage A and Coverage B;
 - 2) Insect, rodent, or "vermin" damage, but only if no "insured" knew of or could reasonably be expected to suspect the presence of such damage prior to the collapse;
 - 3) decay, but only if no "insured" knew of or could reasonably be expected to suspect the presence of such decay prior to the collapse;
 - 4) weight of animals, equipment, people, or personal property;
 - 5) weight of rain that collects on a roof; or
 - 6) the use of defective materials or methods in construction or repair if the collapse occurs during the course of construction or repair.

However, "we" do not pay for loss to awnings, bulkheads, cesspools, decks, docks, drains, fences, flues, foundations, patios, paved areas, piers, retaining walls, septic tanks, swimming pools, underground pipes, or wharves caused by a peril described in 2) through 6) above unless the loss is the direct result of the collapse of a building or a part of a building. With respect to loss caused by a peril described in 2) through 6) above, awnings, bulkheads, cesspools, decks, docks, drains, fences, flues, foundations, patios, paved areas, piers, retaining walls, septic tanks, swimming pools, underground pipes, and wharves are not considered to be buildings or parts of buildings, whether or not such property is attached to or connected to one or more buildings.

- b. In this Incidental Property Coverage:
 - 1) collapse of a building or a part of a building means an abrupt caving in, falling in, falling down, or giving way of the building or the part of the building that prevents the building or the part of the building from being occupied for the purpose for which it was intended just before caving in, falling in, falling down, or giving way; and
 - 2) the following are not considered to be in a state of collapse:
 - a) a building or a part of a building that has not caved in, fallen in, fallen down, or given way even if it displays evidence of bending, bowing, bulging, cracking, expansion, inadequate load bearing capacity, leaning, sagging, settling, or shrinkage;
 - b) a building or a part of a building in danger of caving in, falling in, falling down, or giving way; or
 - c) a part of a building that has not caved in, fallen in, fallen down, or given way even if it has separated from another part of the building.

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However, the "terms" stated in 1) and 2) above do not limit coverage for direct loss to covered property caused by one or more of the "specified perils" and not otherwise excluded under this policy.

- c. This coverage does not increase the "limits" that apply to the property covered.
 - d. The Bacteria, Fungi, Wet Rot, Or Dry Rot and Errors, Omissions, And Defects exclusions under Exclusions That Apply To Property Coverages do not apply to this Incidental Property Coverage.
3. **Credit Card; Electronic Fund Transfer Card Or Access Device; Forgery; And Counterfeit Money**
- a. "We" pay for loss if an "Insured":
 - 1) by law must pay for the theft or unauthorized use of credit cards issued or registered in the name of an "Insured";
 - 2) has a loss resulting from the theft or unauthorized use of:
 - a) an electronic fund transfer card; or
 - b) an electronic access device that makes possible the deposit, withdrawal, or transfer of funds;

issued or registered in the name of an "Insured";

 - 3) has a loss when checks, drafts, or negotiable instruments are forged or altered; or
 - 4) accepts in good faith counterfeit United States or Canadian paper money.

The most "we" pay is \$5,000 per occurrence unless a higher "limit" for Credit Card; Electronic Fund Transfer Card Or Access Device; Forgery; And Counterfeit Money is shown on the "declarations". All loss resulting from a series of acts committed by any one person or in which any one person is involved or implicated is considered one occurrence.

- b. "We" will defend a suit seeking damages against an "insured" if the suit results from the theft or unauthorized use of:
 - 1) a credit card;
 - 2) an electronic fund transfer card; or
 - 3) an electronic access device that makes possible the deposit, withdrawal, or transfer of funds;

issued or registered in an "insured's" name.

Subject to the limitation set forth in d. below, "we" will pay for the expense of such defense. Defense will be provided by counsel that "we" choose.

- c. At "our" option, "we" may defend an "Insured" or an "insured's" bank against a suit for the enforcement of payment when checks, drafts, or negotiable instruments are forged or altered. If "we" choose to provide such defense, "we" will pay for the expense. Defense will be provided by counsel that "we" choose.
- d. "We" may make investigations and settle all claims or suits under this coverage that "we" decide are appropriate. "We" do not have to provide a defense after "we" have paid an amount equal to the "limit" that applies to Credit Card; Electronic Fund Transfer Card Or Access Device; Forgery; And Counterfeit Money as a result of a judgment or a written settlement agreed to by "us".

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e. "We" do not pay for loss:

- 1) that results from the use of a credit card, an electronic fund transfer card, or an electronic access device that makes possible the deposit, withdrawal, or transfer of funds;
 - a) If an "Insured" has not complied with all rules under which the credit card, fund transfer card, or access device was issued or granted;
 - b) by a resident of "your" household; or
 - c) by a person who has the credit card, fund transfer card, or access device with the consent of an "Insured";
- 2) caused by the dishonesty of an "Insured"; or
- 3) that results from the "business" of an "Insured";

nor do "we" provide a defense for suits resulting from such loss.

4. Debris Removal

- a. "We" pay for the reasonable cost to remove the debris of covered property after a loss. The loss must be caused by a Peril Insured Against that applies to the damaged property. "We" also pay for the reasonable cost to remove volcanic ash, dust, or particulate matter that causes direct physical loss to a covered building or covered property contained in a building.

"We" will not pay more for direct physical loss to property and debris removal combined than the "limit" that applies to the damaged property. However, if the covered loss plus the cost of debris removal is more than the applicable "limit", "we" will pay up to an extra 5% of the applicable "limit" to cover the cost of debris removal.

This coverage does not include any cost or expense to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "pollutants".

- b. Subject to the limitations set forth in c. below, "we" also pay for the reasonable cost to remove from the "described location":

- 1) "your" fallen tree or trees if the falling of the tree or trees is caused by the peril of:
 - a) Windstorm Or Hail; or
 - b) Weight Of Ice, Snow, Or Sleet; or

- 2) a neighbor's fallen tree or trees if the falling of the tree or trees is caused by any of the Perils Insured Against covered by this policy.

Regardless of the number of fallen trees, the most "we" pay is \$1,000 per occurrence.

However, "we" pay no more than \$500 of this "limit" to remove any one tree.

With respect to this Incidental Property Coverage, the peril of Weight Of Ice, Snow, Or Sleet means the weight of ice, snow, or sleet that causes a tree to fall.

- c. The coverage described in b. above applies only to a fallen tree that:

- 1) causes damage to a covered structure;
- 2) prevents a "motorized vehicle" that is registered for use on public roads or property from using a driveway on the "described location"; or
- 3) obstructs a ramp or other fixture designed to make the residence on the "described location" accessible to a handicapped person.

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5. **Emergency Removal** -- "We" pay for direct physical loss to covered property that is moved from a premises to prevent a loss from a Peril Insured Against. The property is covered for up to 30 days, however this coverage does not extend past the date on which this policy expires.

This coverage does not increase the "limits" that apply to the property being removed.

The Exclusions That Apply To Coverage A, Coverage B, And Coverage C; the Exclusions That Apply Only To Coverage A And Coverage B; the Exclusions That Apply Only To Coverage C; and the Exclusions That Apply To Property Coverages do not apply to such property while removed.

However, "we" do not pay any "insured" for loss that results from any act committed by or at the direction of an "insured" with the intent to cause a loss. This applies even with respect to an "insured" who was not involved in the commission or direction of the act that caused the loss.

6. **Fire Department Service Charge** -- "We" pay for charges assumed by "you" under a contract or an agreement when a fire department is called to save or protect covered property from a Peril Insured Against.

However, "we" do not pay for such charges when the property is located within the limits of the city, municipality, or protection district that provides the fire department response.

The most "we" pay is \$1,000 per occurrence unless a higher "limit" for Fire Department Service Charge is shown on the "declarations".

7. Glass Or Safety Glazing Material

- a. "We" pay for:

- 1) the breakage of glass or safety glazing material that is part of a covered building or storm door or window; and

- 2) direct physical loss to covered property caused only by broken pieces of glass or safety glazing material that, before breaking, was part of a building or storm door or window.

- b. The Earth Movement exclusion under Exclusions That Apply To Property Coverages does not apply with respect to the coverage described in a. above.

- c. Under this Incidental Property Coverage, "we" do not pay for loss:

- 1) to covered property that occurs because of the breakage of glass or safety glazing material, except as provided in a.2) above; or
2) on the "described location" if the residence covered under Coverage A was vacant for more than 60 days in a row just before the loss.

However, this does not apply to loss caused by breakage of glass or safety glazing material that is the direct result of earth movement.

A residence being built is not vacant.

- d. This coverage does not increase the "limits" that apply to the property covered.

8. **Grave Markers** -- "We" pay up to \$5,000 for direct physical loss to grave markers and mausoleums on or away from the "described location" caused by a Peril Insured Against.

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9. Increased Cost -- Ordinance Or Law

- a. When loss to the residence covered under Coverage A or a related private structure covered under Coverage B is caused by a Peril Insured Against and "you" elect to repair or replace the damage, "you" may apply up to 10% of the Coverage A "limit" to cover the increased cost that "you" incur due to the enforcement of a code, ordinance, or law that regulates the construction, repair, replacement, or demolition of the damaged residence or structure.
- b. "You" may use all or part of this Increased Cost -- Ordinance Or Law coverage to cover the increased cost "you" incur to remove debris resulting from the construction, repair, replacement, or demolition of the residence covered under Coverage A or a related private structure covered under Coverage B when:
 - 1) loss to the residence or structure is caused by a Peril Insured Against; and
 - 2) a code, ordinance, or law regulates its construction, repair, replacement, or demolition.

This does not increase the "limit" that applies to this Incidental Property Coverage.

- c. However, "we" do not pay for:
 - 1) any loss in value of property that results from the enforcement of a code, ordinance, or law; or
 - 2) any loss, cost, or expense that results from the enforcement of a code, ordinance, or law requiring that an "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "pollutants".

10. Liquid Fuel Remediation

- a. "We" pay for loss to:
 - 1) property covered under Coverage A, Coverage B, or Coverage C;
 - 2) land:
 - a) within the "described location";
 - b) owned by an "insured"; and
 - c) on which the residence covered under Coverage A or a structure covered under Coverage B is located;

but this does not include farm land; or

 - 3) property covered under the Incidental Property Coverage for Trees, Plants, Shrubs, Or Lawns;

caused directly or indirectly by the discharge, dispersal, emission, escape, leaching, leakage, migration, release, seepage, or spillage of liquid fuel from the fuel system of a heating or air-conditioning system, water heater, or domestic appliance located on the "described location".
- b. When there is discharge, dispersal, emission, escape, leaching, leakage, migration, release, seepage, or spillage of liquid fuel from a fuel system described in a. above, "we" also pay for:
 - 1) cost or expense "you" incur to take temporary measures to stop any further discharge, dispersal, emission, escape, leaching, leakage, migration, release, seepage, or spillage of such fuel from such system;
 - 2) cost or expense "you" incur to prevent or hinder the spread of the discharged, dispersed, emitted, escaped, leached, leaked, migrated, released, seeped, or spilled fuel over a larger area;

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3) cost or expense "you" incur to clean up or treat such fuel on or remove such fuel from:

- a) property covered under Coverage A, Coverage B, or Coverage C;
- b) land:
 - (1) within the "described location";
 - (2) owned by an "Insured"; and
 - (3) on which the residence covered under Coverage A or a structure covered under Coverage B is located;

but this does not include farm land; or

- c) property covered under the Incidental Property Coverage for Trees, Plants, Shrubs, Or Lawns.

This includes cost or expense to remove the debris of such property or land;

- 4) cost or expense "you" incur to remove and replace those parts of covered property necessary to gain access to the system from which such fuel discharged, dispersed, emitted, escaped, leached, leaked, migrated, released, seeped, or spilled;
- 5) the necessary and reasonable increase in living costs "you" incur to maintain the normal standard of living of "your" household if that part of the "described location" occupied by "your" household is made unfit for use as a residence; and
- 6) cost or expense "you" incur to assess, monitor, or test the effects of discharged, dispersed, emitted, escaped, leached, leaked, migrated, released, seeped, or spilled liquid fuel.

However, "we" will pay for such cost or expense only if the assessment, monitoring, or testing:

- a) is necessitated by a statutory or regulatory requirement or is in response to a request, demand, or order by a governmental body or authority or court of law; and
- b) arises out of loss for which payment is made under a., b.1), b.2), or b.3) above.

- c. The Policy Period condition under Conditions Applicable To Property Coverages Only does not apply to this Incidental Property Coverage.
- d. Under Exclusions That Apply To Coverage A, Coverage B, And Coverage C, the exclusion for loss caused by the discharge, dispersal, disposal, emission, escape, leaching, leakage, migration, release, seepage, or spillage of "pollutants" does not apply to the coverage provided under this Incidental Property Coverage for the discharge, dispersal, emission, escape, leaching, leakage, migration, release, seepage, or spillage of liquid fuel.
- e. "We" do not pay for:

- 1) loss, cost, or expense involving underground water or surface water;
- 2) loss, cost, or expense involving trees, plants, shrubs, or lawns grown for "business";
- 3) loss, cost, or expense due to the cancellation of a lease or an agreement;
- 4) the replacement of discharged, dispersed, emitted, escaped, leached, leaked, migrated, released, seeped, or spilled fuel;
- 5) any loss in the market value of property or land, whether or not damaged by discharged, dispersed, emitted, escaped, leached, leaked, migrated, released, seeped, or spilled fuel;

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| <p>6) any damages resulting from:</p> <ul style="list-style-type: none"> a) a loss of; or b) a reduction in value of; <p>an agreement to sell property or land; or</p> <p>7) any cost or expense to repair, replace, remove, or demolish any part of the fuel system from which the fuel discharged, dispersed, emitted, escaped, leached, leaked, migrated, released, seeped, or spilled, except as provided under b. above.</p> <p>f. The "terms" and "limits" applicable to:</p> <ul style="list-style-type: none"> 1) Coverage D -- Additional Living Costs And Loss Of Rent; and 2) the Incidental Property Coverage for Debris Removal; <p>do not apply to any loss, cost, or expense arising out of the discharge, dispersal, emission, escape, leaching, leakage, migration, release, seepage, or spillage of fuel from a fuel system described in a. above.</p> <p>g. The most "we" pay for this Incidental Property Coverage for Liquid Fuel Remediation is \$10,000 unless a higher "limit" for Liquid Fuel Remediation is shown on the "declarations". The "limit" for this Incidental Property Coverage for Liquid Fuel Remediation:</p> <ul style="list-style-type: none"> 1) is the most "we" pay for the total of: <ul style="list-style-type: none"> a) all discharges, dispersals, emissions, escapes, leachings, leakages, migrations, releases, seepages, or spillages of liquid fuel that an "Insured" first discovers or is made aware of during the policy period; and b) all coverages described in a. and b. above; and | <p>2) applies regardless of the number of:</p> <ul style="list-style-type: none"> a) claims made; b) discharges, dispersals, emissions, escapes, leachings, leakages, migrations, releases, seepages, or spillages of liquid fuel that an "Insured" first discovers or is made aware of during the policy period; or c) locations insured under this policy. <p>With respect to loss to property covered under the Incidental Property Coverage for Trees, Plants, Shrubs, Or Lawns, the most "we" pay is an amount equal to 5% of the Coverage A "limit", but not more than \$500 for any lawn or any one tree, plant, or shrub. This does not increase the "limit" that applies to this Incidental Property Coverage for Liquid Fuel Remediation.</p> <p>With respect to coverage for the necessary and reasonable increase in living costs incurred to maintain the normal standard of living of "your" household, "we" pay only for the period of time reasonably required to make the "described location" fit for use or, if "your" household is permanently relocated, only for the period of time reasonably required for relocation. This period of time is not limited by the policy period. This does not increase the "limit" that applies to this Incidental Property Coverage for Liquid Fuel Remediation.</p> <p>h. The "terms" stated in a. through g. above do not limit coverage for direct loss to covered property caused by the discharge, dispersal, emission, escape, leaching, leakage, migration, release, seepage, or spillage of liquid fuel when the discharge, dispersal, disposal, emission, escape, leaching, leakage, migration, release, seepage, or spillage is caused by one or more of the "specified perils" and is not otherwise excluded under this policy.</p> |
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11. Lock And Garage Door Transmitter Replacement -- "We" pay to replace the locks on exterior doors of the residence covered under Coverage A if the keys to such locks are lost or stolen. "We" also pay to replace a portable transmitter that is part of an automatic garage door opening system on the "described location" if such transmitter is lost or stolen.

"You" must notify "us" in writing within 72 hours of discovering the loss. The most "we" pay is \$500 per occurrence.

12. Loss Assessment

a. "We" pay for "your" share of an assessment levied by a homeowners, condominium, or similar residential association. Coverage applies only when the assessment:

- 1) is levied during the policy period;
- 2) results from direct loss to property that is:
 - a) owned collectively by all association members;
 - b) of the type that would be eligible for coverage by this policy if it were owned by "you"; and
 - c) caused by a Peril Insured Against covered by this policy, but this does not include:
 - (1) earthquake; or
 - (2) land shock waves or tremors before, during, or after a volcanic eruption; and
- 3) Is levied against "you" as owner or tenant of the "described location".

b. However, "we" do not pay for an assessment that:

- 1) results from a deductible in the insurance held by the association; or

2) Is levied against "you" or the association by any governmental body or authority.

c. The most "we" pay is \$1,500 per occurrence unless a higher "limit" for Loss Assessment is shown on the "declarations". The "limit" that applies is the most "we" pay for any one loss, regardless of the number of assessments.

d. The Policy Period condition under Conditions Applicable To Property Coverages Only does not apply to this Incidental Property Coverage.

13. Property In Rental Units -- "We" pay for direct physical loss to "your" appliances, carpeting, and other household furnishings in an apartment on the "described location" regularly rented or held for rental to others by an "insured", but only when the loss is caused by one or more of the "specified perils", other than Theft, and is not otherwise excluded under this policy.

The most "we" pay for loss to such property in each apartment rented or held for rental to others is \$2,500 per occurrence. The "limit" applies regardless of the quantity of appliances, carpeting, or other household furnishings damaged.

This coverage does not increase the "limits" that apply to the property covered.

14. Reasonable Repairs

a. "We" pay for the reasonable costs incurred by "you" for necessary measures performed solely to protect covered property from further damage by a Peril Insured Against if a Peril Insured Against has already caused a loss.

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- b. If the measures described in a. above involve repair to other damaged property, "we" pay only if the property that is repaired is covered by this policy and only if the damage that necessitates the repair is caused by a Peril Insured Against.

This coverage does not:

- 1) increase the "limit" that applies to the property covered; or
- 2) relieve "you" of the duties described in 1.b., Protecting Property, under What Must Be Done In Case Of Loss Or Occurrence.

15. **Refrigerated Property** -- "We" pay for direct loss to covered property stored in a freezer or refrigerated unit on the "described location" caused by:

- a. complete or partial disruption of electrical power due to conditions beyond an "insured's" control, if such disruption is caused by damage to the generating or transmission equipment; or
- b. mechanical breakdown of the freezer or refrigerated unit.

Coverage applies only if the freezer or refrigerated unit had been maintained in proper working order prior to the loss.

The most "we" pay is \$500 per occurrence unless a higher "limit" for Refrigerated Property is shown on the "declarations".

The reference to mechanical breakdown in the Wear And Tear exclusion under Exclusions That Apply To Coverage A, Coverage B, And Coverage C and the Power Failure and Bacteria, Fungl, Wet Rot, Or Dry Rot exclusions under Exclusions That Apply To Property Coverages do not apply to this Incidental Property Coverage.

16. **Trees, Plants, Shrubs, Or Lawns** -- "We" pay for direct physical loss to trees, plants, shrubs, or lawns on the "described location" caused by:

- a. Fire Or Lightning, Explosion, Riot Or Civil Commotion, Aircraft;
- b. Vehicles if not owned or operated by an occupant of the "described location"; or
- c. Vandalism Or Malicious Mischief or Theft.

"You" may apply up to 5% of the Coverage A "limit" to cover trees, plants, shrubs, or lawns. "We" do not pay more than \$500 for each tree, plant, or shrub. This includes the cost to remove the debris of the covered item.

"We" do not cover trees, plants, shrubs, or lawns grown for "business".

PERILS INSURED AGAINST -- COVERAGES A, B, C, AND D

Coverage A -- Residence, Coverage B -- Related Private Structures, And Coverage C -- Personal Property -- "We" insure property covered under Coverage A, Coverage B, or Coverage C for risks of direct physical loss, unless the loss is excluded under the Exclusions That Apply To Coverage A, Coverage B, And Coverage C, the Exclusions That Apply Only To Coverage A And Coverage B, or the Exclusions That Apply Only To Coverage C.

1. **Exclusions That Apply To Coverage A, Coverage B, And Coverage C**
 - a. "We" do not pay for loss excluded under the Exclusions That Apply To Property Coverages.

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b. **Freezing, Discharge, Leakage, Or Overflow** -- Subject to the exceptions stated in 1) and 2) below, "we" do not pay for loss caused by freezing of, or the resulting discharge, leakage, or overflow from, a plumbing, heating, air-conditioning, or automatic fire protective sprinkling system, water heater, or domestic appliance.

1) When the building is protected by an automatic fire protective sprinkling system, this exclusion does not apply if "you" have taken reasonable care to:

- a) maintain heat in the building; and
- b) continue the water supply.

2) When the building is not protected by an automatic fire protective sprinkling system, this exclusion does not apply if "you" have taken reasonable care to:

- a) maintain heat in the building; or
- b) shut off the water supply and completely empty water from all systems, heaters, and appliances.

With respect to this exclusion and the exceptions stated in 1) and 2) above, plumbing systems and domestic appliances do not include sumps, sump pumps, or related equipment; any other type of system designed to remove subsurface water which is drained from the foundation area; or roof drains, gutters, downspouts, or like equipment.

c. **Freezing, Thawing, Pressure, Or Weight Of Ice Or Water** -- "We" do not pay for loss caused by freezing, thawing, pressure, or weight of ice or water, whether driven by wind or not, to:

- 1) fences, patios, paved areas, or swimming pools;

- 2) bulkheads, footings, foundations, walls, or any other structures or features that support all or part of a building or other structure;
- 3) bulkheads or retaining walls that do not support all or part of a building or other structure; or
- 4) docks, piers, or wharves.

d. **Theft** -- "We" do not pay for loss caused by theft in or to a residence being built, or theft of materials or supplies for use in construction of the residence, until the residence is occupied for its intended use.

e. **Water, Humidity, Moisture, Or Vapor** -- "We" do not pay for loss caused by:

- 1) continuous or repeated discharge, seepage, or leakage of water; or
- 2) the presence or condensation of humidity, moisture, or vapor;

over a period of weeks, months, or years, unless no "insured" knew of or could reasonably be expected to suspect such discharge, seepage, or leakage of water or the presence or condensation of humidity, moisture, or vapor.

Under Exclusions That Apply To Property Coverages, 1)b) and 3) of the Water exclusion that apply to surface water and water below the surface of the ground do not apply with respect to loss caused by continuous or repeated discharge, seepage, or leakage of water from a plumbing, heating, air-conditioning, or automatic fire protective sprinkling system, water heater, or domestic appliance on the "described location" if no "insured" knew of or could reasonably be expected to suspect such discharge, seepage, or leakage of water. Plumbing systems and domestic appliances do not include sumps, sump pumps, or related equipment; any other type of system designed to remove

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subsurface water which is drained from the foundation area; or roof drains, gutters, downspouts, or like equipment.

- f. **Settling, Cracking, Shrinking, Bulging, Or Expanding** -- "We" do not pay for loss caused by the settling, cracking, shrinking, bulging, or expanding of:

- 1) bulkheads;
- 2) ceilings;
- 3) floors;
- 4) footings;
- 5) foundations;
- 6) patios;
- 7) paved areas;
- 8) roofs; or
- 9) walls.

- g. **Birds, Vermin, Rodents, Insects, Or Animals** -- "We" do not pay for loss caused by:

- 1) birds;
- 2) "vermin";
- 3) rodents;
- 4) insects; or
- 5) any animal owned or kept by an "insured";

except as provided under the Incidental Property Coverages.

- h. **Smoke** -- "We" do not pay for loss caused by smoke from agricultural smudging or industrial operations.
- i. **Pollutants** -- "We" do not pay for loss caused by the discharge, dispersal, disposal, emission, escape, leaching, leakage, migration, release, seepage, or spillage of "pollutants", unless the discharge, dispersal, disposal, emission, escape, leaching, leakage, migration, release, seepage, or spillage is caused by one or more of the "specified perils" and is not otherwise excluded under this policy.

- j. **Wear And Tear** -- "We" do not pay for loss caused by:

- 1) wear and tear, marring, or deterioration;
- 2) mechanical breakdown, latent defect, inherent vice, or any quality, fault, or weakness in property that causes it to damage or destroy itself;
- 3) rust or other corrosion or smog; or
- 4) pressure from or the presence of roots of trees, plants, shrubs, or other vegetation.

2. **Exceptions To Exclusions That Apply To Coverage A, Coverage B, And Coverage C**

- a. "We" pay for an ensuing loss that results from 1.b. through 1.j. above, unless the ensuing loss itself is excluded.
- b. Unless the loss is otherwise excluded by this policy, "we" pay for loss to property covered under Coverage A, Coverage B, or Coverage C that results from water or steam that, due to a cause or event excluded under 1.f. through 1.j. above, accidentally discharges or overflows from:

- 1) a storm drain, or a water, steam, or sewer pipe, away from the "described location"; or
- 2) a plumbing, heating, air-conditioning, or automatic fire protective sprinkling system, water heater, or domestic appliance on the "described location". This includes the reasonable cost of removing and replacing those parts of a building or other structure on the "described location" needed to repair the system, heater, or appliance.

However, "we" will pay the cost of removing and replacing part of a structure that is not a building only if the water or steam causes direct physical loss to a building on the "described location".

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"We" do not pay for loss to the system, heater, or appliance from which the water or steam escaped.

In this exception, plumbing systems and domestic appliances do not include sumps, sump pumps, or related equipment; any other type of system designed to remove subsurface water which is drained from the foundation area; or roof drains, gutters, downspouts, or like equipment.

Under Exclusions That Apply To Property Coverages, 1)b) and 3) of the Water exclusion that apply to surface water and water below the surface of the ground do not apply with respect to loss by water covered under this exception.

3. Exclusions That Apply Only To Coverage A And Coverage B

a. Vandalism Or Malicious Mischief -- "We" do not pay for loss:

- 1) caused by vandalism or malicious mischief; or
- 2) that ensues from a wrongful act committed intentionally in the course of vandalism or malicious mischief;

If the residence covered under Coverage A was vacant for more than 60 days in a row just before the loss. A residence being built is not vacant.

b. Collapse Or Impairment -- "We" do not pay for loss involving:

- 1) collapse; or
- 2) impairment of structural integrity, including but not limited to sagging, bowing, bending, leaning, or inadequacy of load bearing capacity;

except as provided under the Incidental Property Coverage for Collapse.

However, "we" do pay for an ensuing loss to property covered under Coverage A or Coverage B unless the ensuing loss itself is excluded.

4. Exclusions That Apply Only To Coverage C

a. Breakage -- "We" do not pay for loss caused by breakage of eyeglasses, glassware, statuary, marble, bric-a-brac, porcelains, and similar fragile articles.

However, this exclusion does not apply to:

- 1) jewelry; watches; bronzes; cameras and photographic lenses; or
- 2) loss caused by or resulting from:
 - a) the collapse of a building or a part of a building or the impairment of the structural integrity of a building or a part of a building; or
 - b) one or more of the "specified perils", other than Falling Objects, that is not otherwise excluded under this policy.

b. Watercraft -- "We" do not pay for loss to watercraft, including their trailers, semitrailers, furnishings, equipment, engines, and motors, caused by collision, sinking, swamping, or stranding. This exclusion does not apply to collision of watercraft with a land vehicle.

c. Dampness And Temperature -- "We" do not pay for loss caused by dampness of atmosphere or extremes of temperature. This does not apply to loss caused directly by rain, snow, sleet, or hail.

d. Refinishing, Renovating, Or Repairing -- "We" do not pay for loss to property, other than jewelry, watches, and furs, caused by a refinishing, renovating, or repairing process.

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However, if such process results in a fire or explosion, "we" do cover the loss or damage caused by that fire or explosion.

**EXCLUSIONS THAT APPLY TO
PROPERTY COVERAGES**

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

These exclusions apply whether or not an extensive area suffers damage from or is affected by the excluded cause or event.

a. Ordinance Or Law -- "We" do not pay for:

- 1) any loss or increased cost that results from the enforcement of a code, ordinance, or law that regulates the construction, repair, or demolition of property or the removal of its debris, except as provided under the Incidental Property Coverage for Increased Cost -- Ordinance Or Law;
- 2) any loss in value of property that results from the enforcement of a code, ordinance, or law; or
- 3) any loss, cost, or expense that results from the enforcement of a code, ordinance, or law requiring that an "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "pollutants".

This exclusion applies whether or not there has been physical damage to covered property.

- b. **Civil Authority -- "We" do not pay for loss caused by the confiscation, destruction, or seizure of property covered under Coverage A, Coverage B, or Coverage C by order of civil authority.**

"We" do pay for loss caused by acts ordered by a civil authority at the time of a fire to prevent its spread, but only if loss caused by the fire would be covered by this policy.

c. Nuclear Hazard

- 1) "We" do not pay for loss caused by nuclear reaction, radiation, or radioactive contamination:

- a) whether controlled or uncontrolled; or
- b) however caused;

or any consequence of such reaction, radiation, or contamination.

- 2) Loss caused by nuclear reaction, radiation, or radioactive contamination is not considered loss caused by:

- a) fire;
- b) explosion; or
- c) smoke;

even if this policy provides coverage for loss caused by one or more of these perils.

- 3) Direct loss by fire resulting from nuclear reaction, radiation, or radioactive contamination is covered.

d. War And Military Action -- "We" do not pay for loss caused by:

- 1) war, including undeclared or civil war;

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- 2) warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- 3) insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

With respect to any action that comes within the "terms" of this exclusion and involves nuclear reaction, radiation, or radioactive contamination, this War And Military Action exclusion supersedes the Nuclear Hazard exclusion.

Discharge of a nuclear weapon is deemed a warlike action even if it is accidental.

- e. **Neglect** -- "We" do not pay for loss caused by the neglect of an "insured" to use all reasonable means to save and preserve covered property at and after the time of a loss.
- f. **Earth Movement** -- "We" do not pay for loss caused by earth movement whether the earth movement results from or is caused by human or animal forces or an act of nature.

Earth movement means:

- 1) earthquake;
- 2) land shock waves or tremors before, during, or after a volcanic eruption;
- 3) landslide, mudflow, mudslide;
- 4) subsidence, erosion; or
- 5) any other earth movement, including but not limited to earth sinking, rising, shifting, expanding, or contracting.

However, this does not include "sinkhole collapse".

"We" do pay for direct loss to covered property caused by fire or explosion resulting from earth movement.

This exclusion does not apply to loss caused by theft that is otherwise covered by this policy.

g. **Water**

- 1) "We" do not pay for loss caused by:

- a) flood;
- b) surface water;
- c) waves, including but not limited to tidal wave and tsunami;
- d) tides;
- e) tidal water;
- f) overflow of any body of water; or
- g) spray from a) through f) above;

whether driven by wind or not.

This includes, but is not limited to, tidal surge, storm surge, and storm tide.

- 2) "We" do not pay for loss caused by water that:

- a) backs up through sewers or drains; or
- b) overflows or otherwise discharges from:

- (1) a sump, sump pump, or related equipment; or
- (2) any other type of system designed to remove subsurface water which is drained from the foundation area.

- 3) "We" do not pay for loss caused by water below the surface of the ground. This includes, but is not limited to, water that exerts pressure on, or seeps, leaks, or flows through or into, a building, sidewalk, driveway, patio, foundation, swimming pool, or other structure.

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- 4) "We" do not pay for loss caused by matter present in or carried or otherwise moved by water described in 1) through 3) above.
- 5) The exclusions set forth in 1) through 4) above:
 - a) apply regardless of the cause of the excluded event, whether or not such cause is an act of nature; and
 - b) apply to, but are not limited to, water and matter present in or carried or otherwise moved by water, whether driven by wind or not, that:
 - (1) overtops;
 - (2) escapes from;
 - (3) is released from; or
 - (4) is otherwise discharged from;

a dam, levee, dike, floodgate, or other device or feature designed or used to retain, contain, or control water.
- 6) "We" do pay for direct loss to covered property caused by fire or explosion resulting from an event excluded in 1) through 4) above.
- 7) These exclusions do not apply to loss caused by theft that is otherwise covered by this policy.
- 8) With respect to these exclusions, surface water and water below the surface of the ground do not include water that accidentally discharges or overflows from a plumbing, heating, air-conditioning, or automatic fire protective sprinkling system, water heater, or domestic appliance on the "described location" when loss caused by such water is not otherwise excluded by this policy. Plumbing systems and domestic appliances do not include sumps, sump pumps, or related equipment; any other type of system designed to remove subsurface water which is drained from the foundation area; or roof drains, gutters, downspouts, or like equipment.
- 9) These exclusions do not apply with respect to direct physical loss to property covered under Coverage C while such property is away from a premises or location owned by, rented to, occupied by, or controlled by an "insured". With respect to such loss, the Weather Conditions exclusion under Exclusions That Apply To Property Coverages does not apply.
- h. **Power Failure** -- "We" do not pay for loss caused by the failure of power or other utility service, whether or not it is caused by a Peril Insured Against, if the cause of the failure is not on the "described location".

"We" do pay for direct loss that is otherwise covered by this policy that occurs on the "described location" as a result of the failure of power or other utility service.
- i. **Intentional Acts** -- "We" do not pay any "insured" for loss that results from any act committed:
 - 1) by an "insured", alone or in collusion with another; or
 - 2) at the direction of an "insured";

with the intent to cause a loss.

This exclusion applies even with respect to an "insured" who was not involved in the commission or direction of the act that caused the loss.
- j. **Bacteria, Fungi, Wet Rot, Or Dry Rot** -- "We" do not pay for loss, cost, or expense caused by, consisting of, or relating to the existence of or any activity of bacteria, "fungi", wet rot, or dry rot that is not the direct result of a Peril Insured Against.

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"We" do pay for direct loss to covered property caused by a Peril Insured Against resulting from bacteria, "fungi", wet rot, or dry rot.

2. "We" do not pay for loss or damage caused by or resulting from one or more of the following excluded causes or events. However, "we" do pay for an ensuing loss that is otherwise covered by this policy.

a. **Weather Conditions** -- "We" do not pay for loss caused by weather conditions that initiate, set in motion, or in any way contribute to a cause or event excluded under the preceding Exclusions That Apply To Property Coverages (Numbers 1.a. through 1.j).

b. **Errors, Omissions, And Defects** -- "We" do not pay for loss caused by one or more of the following:

- 1) an act or decision of any person, group, organization, or governmental body or authority, or the failure of any person, group, organization, or governmental body or authority to act or decide; or
- 2) a defect, a weakness, the inadequacy, a fault, or unsoundness in the:
 - a) development, planning, siting, surveying, zoning;
 - b) construction, compaction, design, grading, remodeling, renovation, repair, specification, workmanship;
 - c) materials used in construction, remodeling, renovation, or repair; or
 - d) maintenance;

of any property, whether in whole or in part, and whether on or away from the "described location", except as provided under the Incidental Property Coverage for Collapse.

LIABILITY COVERAGES

PRINCIPAL LIABILITY COVERAGES

1. **Coverage L -- Personal Liability** -- "We" pay, up to the "limit" that applies, all sums for which an "insured" is legally liable because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies.

"We" will defend a suit seeking damages if the suit resulted from "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies. Such defense will be provided at "our" expense by counsel that "we" choose.

"We" may make investigations and settle claims or suits that "we" decide are appropriate. "We" do not have to settle or provide a defense after "we" have paid an amount equal to the "limit" that applies as a result of a judgment or written settlement.

2. **Coverage M -- Medical Payments To Others** -- "We" pay the necessary medical expenses if they are incurred or medically determined within three years from the date of an accident causing "bodily injury" covered by this policy. Medical expenses means the reasonable charges for medical, surgical, X-ray, dental, ambulance, hospital, professional nursing, and funeral services; prosthetic devices; hearing aids; prescription drugs; and eyeglasses, including contact lenses.

This coverage does not apply to "you" or to any person who is a regular resident of "your" household, other than a "domestic employee". With respect to others, this coverage applies only to:

- a. a person on an "insured premises" with the permission of an "insured"; or
- b. a person away from an "insured premises" if the "bodily injury":

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- 1) arises out of a condition on an "insured premises" or the access ways immediately adjoining an "insured premises";
- 2) Is caused by an activity of an "insured";
- 3) Is caused by a "domestic employee" in the course of his or her employment by an "insured"; or
- 4) Is caused by an animal owned by or in the care of an "insured".

b. This Incidental Liability Coverage for Business is subject to all of the:

- 1) Exclusions That Apply To Coverage L And Coverage M, other than exclusion g.;
- 2) Additional Exclusions That Apply Only To Coverage L; and
- 3) Additional Exclusions That Apply Only To Coverage M.

INCIDENTAL LIABILITY COVERAGES

This policy provides the following Incidental Liability Coverages. They are subject to all of the "terms" of Coverage L and Coverage M. Except for Claims And Defense Cost, Damage To Property Of Others, First Aid Expense, and Loss Assessment, they do not increase the "limits" stated for the Principal Liability Coverages.

1. Business

a. "We" pay for "bodily injury" or "property damage" that arises out of:

- 1) the rental or holding for rental of an "insured premises":
 - a) on an occasional basis for use only as a residence;
 - b) in part for use only as a residence (No family unit may include more than two roomers or boarders.); or
 - c) in part for use as a school, studio, office, or private garage; or
- 2) the "business" activities of an "insured" under the age of 21 years, but only if such "insured" is involved in a part-time or occasional, self-employed "business" that does not employ others and the "bodily injury" or "property damage" arises out of activities related to that "business".

2. Claims And Defense Cost -- "We" pay for:

- a. the costs incurred by "us" and the costs taxed to an "insured" in a suit "we" defend;
- b. the premiums on required bonds in a suit "we" defend, but only for bond amounts up to the "limit" that applies. "We" are not required to apply for or furnish bonds;
- c. the necessary costs incurred by an "insured" at "our" request for assisting "us" in the investigation or defense of a claim or suit. This includes up to \$250 per day, per "insured", for the actual loss of earnings, but not loss of other income, for time spent away from work at "our" request;
- d. the interest on the entire judgment that accrues after the entry of the judgment, but ending when "we" tender, pay, or deposit in court that part of the judgment that does not exceed the "limit" that applies; and
- e. prejudgment interest awarded against an "insured" on that part of the judgment "we" pay. If "we" offer to pay the "limit" that applies, "we" will not pay any prejudgment interest based on that period of time after the offer.

3. Contracts

- a. "We" pay for "bodily injury" or "property damage":

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- 1) for which an "insured" is liable under a written contract that directly relates to the ownership, maintenance, or use of an "insured premises"; or
- 2) for which "you" are liable under a written contract, made before the loss, in which "you" have assumed the liability of others.

The loss causing the "bodily injury" or "property damage" must have occurred during the policy period.

- b. This Incidental Liability Coverage for Contracts is subject to all of the:

- 1) Exclusions That Apply To Coverage L And Coverage M;
- 2) Additional Exclusions That Apply Only To Coverage L, other than exclusion c.; and
- 3) Additional Exclusions That Apply Only To Coverage M.

4. **Damage To Property Of Others --** Regardless of an "insured's" legal liability, "we" pay, at replacement cost, for "property damage" to property of others caused by an "insured". The "limit" that applies to this coverage is \$1,000 per "occurrence".

The exclusions that apply to Coverage L and Coverage M do not apply to this coverage.

However, "we" do not pay for "property damage":

- a. covered under the Property Coverages section of this policy.

However, "we" will pay for "property damage" in excess of the amount recoverable under the Property Coverages, to the extent that such "property damage" is covered under the "terms" of this Incidental Liability Coverage;

- b. to property owned by an "insured", or owned by, rented to, or leased to another resident of "your" household or a tenant of an "insured";

- c. caused intentionally by an "insured" who has attained the age of 13 years;

- d. arising out of an act or omission in any way related to a:

- 1) "business" undertaken by an "insured"; or
- 2) premises owned, rented, or controlled by an "insured", other than an "insured premises"; or

- e. arising out of the ownership, operation, maintenance, use, occupancy, loaning, entrusting, supervision, leasing, loading, or unloading of "aircraft", "hovercraft", "motorized vehicles", or "watercraft".

However, this exclusion does not apply to "property damage" arising out of a "motorized vehicle":

- 1) that is not owned by an "insured" and is designed:

- a) for recreational use off of public roads; or
- b) to assist the handicapped; or

- 2) that is not owned by an "insured" and is used only to service:

- a) an "insured premises"; or
- b) a premises of another, not in the course of "business";

if, at the time of the "occurrence", such "motorized vehicle" is not required by law or governmental regulation to be registered for use on public roads or property.

5. **First Aid Expense --** "We" pay the expenses incurred by an "insured" for first aid to persons, other than "insureds", for "bodily injury" covered by this policy.

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6. Loss Assessment

- a. "We" pay for "your" share of an assessment levied by a homeowners, condominium, or similar residential association if the assessment is levied as a result of:
 - 1) "bodily injury" or "property damage" to which Coverage L and Coverage M apply; or
 - 2) damages or legal fees the association legally must pay for the acts of a director, officer, or trustee that result from the exercise of his or her duties solely on behalf of the association. This applies only to the acts of a director, officer, or trustee who is elected by the members of the association and who serves without receiving a fee, salary, or other compensation, other than reimbursement of expenses incurred.
- b. However, "we" do not pay for assessments levied against "you" or a homeowners, condominium, or similar residential association by any governmental body or authority.
- c. Coverage applies only when the assessment is levied during the policy period and is levied against "you" as owner or tenant of the "described location".
- d. The most "we" pay is \$1,500 per occurrence. Regardless of the number of assessments, this "limit" is the most "we" pay for loss arising out of:
 - 1) any one accident, including repeated exposures to similar conditions; or
 - 2) an act of a director or trustee. An act involving more than one director or trustee is considered a single act.
- e. The Policy Period condition under Conditions Applicable To Liability Coverages Only does not apply to this Incidental Liability Coverage.

7. Motorized Vehicles

- a. Subject to the limitations set forth in b. and c. below, "we" pay for "bodily injury" or "property damage" that arises out of a "motorized vehicle" that:
 - 1) is in dead storage on an "insured premises";
 - 2) is used only to service:
 - a) an "insured premises", but only if the "occurrence" takes place on an "insured premises" as defined in 14.a., 14.b., 14.c., 14.f., 14.g., or 14.h. under Definitions; or
 - b) an "insured premises" or a premises of another, but only if such "motorized vehicle" is designed only for use off of public roads;
 - 3) is designed to assist the handicapped;
 - 4) is designed for recreational use off of public roads and is:
 - a) not owned by an "insured"; or
 - b) owned by an "insured", but only if the "occurrence" takes place on an "insured premises" as defined in 14.a., 14.b., 14.c., 14.f., 14.g., or 14.h. under Definitions;
 - 5) is operated only from electrical current supplied by a battery and is:
 - a) not built or modified after manufacture to exceed a speed of 15 miles per hour on level ground; and
 - b) not a motorized bicycle, moped, or golf cart; or
 - 6) is a motorized golf cart that:
 - a) is owned by an "insured";
 - b) is designed to carry no more than four persons;

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- c) is not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground; and
 - d) at the time of the "occurrence", is within the legal boundaries of:
 - (1) a golfing establishment and is:
 - (a) parked or stored there; or
 - (b) being used by an "insured" to:
 - (i) play the game of golf or for other recreational or leisure activity allowed by the establishment;
 - (ii) travel to or from an area where "motorized vehicles" or golf carts are parked or stored; or
 - (iii) cross public roads at designated points to access other parts of the golfing establishment; or
 - (2) a private residential community, including its public roads upon which a motorized golf cart can legally travel:
 - (a) that is subject to the authority of an association of property owners; and
 - (b) in which an "insured premises" is located.
 - b. The coverage described in a. above applies only to a "motorized vehicle" that, at the time of the "occurrence", is not:
 - 1) registered for use on public roads or property;
 - 2) required by law or governmental regulation to be registered for use at the location of the "occurrence";
 - 3) being used in, or in the practice or the preparation for, a prearranged or organized racing, speed, pulling or pushing, demolition, or stunt activity or contest;
 - 4) being rented to others;
 - 5) being used to carry people or cargo for a fee; or
 - 6) being used for any "business" purpose, except a motorized golf cart while on a golfing establishment.
 - c. This Incidental Liability Coverage for Motorized Vehicles is subject to all of the:
 - 1) Exclusions That Apply To Coverage L And Coverage M, other than:
 - a) exclusions c. and e.; and
 - b) solely with respect to the use of a motorized golf cart while on a golfing establishment, exclusion g.;
 - 2) Additional Exclusions That Apply Only To Coverage L; and
 - 3) Additional Exclusions That Apply Only To Coverage M.
8. Watercraft
- a. Subject to the limitations set forth in b. and c. below, "we" pay for "bodily injury" or "property damage" that arises out of a "watercraft" that:
 - 1) is in storage;
 - 2) is a sailing vessel, with or without auxiliary power, that is:
 - a) less than 26 feet in overall length; or
 - b) 26 feet or more in overall length and not owned by or rented to an "insured"; or

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- 3) is not a sailing vessel and is powered by:
 - a) an Inboard or inboard-outdrive engine or motor, including an engine or motor that powers a water jet pump, of:
 - (1) 50 horsepower or less if not owned by an "Insured"; or
 - (2) more than 50 horsepower if not owned by or rented to an "Insured"; or
 - b) one or more outboard engines or motors with:
 - (1) 25 total horsepower or less;
 - (2) more than 25 horsepower if the outboard engine or motor is not owned by an "Insured";
 - (3) more than 25 horsepower if the outboard engine or motor is owned by an "Insured" who acquired it during the policy period; or
 - (4) more than 25 horsepower if the outboard engine or motor is owned by an "Insured" who acquired it before the policy period, but only if:
 - (a) it is listed on the "declarations" as insured for personal liability; or
 - (b) a written request for liability coverage is received by "us" within 45 days after it is acquired.

In this Incidental Liability Coverage for Watercraft, horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

- b. The coverage described in a. above applies only to a "watercraft" that, at the time of the "occurrence", is not being:

- 1) rented to others;
- 2) used to carry people or cargo for a fee;
- 3) used for any "business" purpose; or
- 4) used in, or in the practice or the preparation for, a prearranged or organized racing, speed, pulling or pushing, demolition, or stunt activity or contest.

However, this does not apply to a sailing vessel or to a "watercraft" being used in a predicted log contest or cruise.

- c. This Incidental Liability Coverage for Watercraft is subject to all of the:

- 1) Exclusions That Apply To Coverage L And Coverage M, other than exclusions c. and e.;
- 2) Additional Exclusions That Apply Only To Coverage L; and
- 3) Additional Exclusions That Apply Only To Coverage M.

EXCLUSIONS THAT APPLY TO LIABILITY COVERAGES

1. Exclusions That Apply To Coverage L And Coverage M -- Coverage L and Coverage M do not apply to:

- a. "bodily injury" or "property damage" caused directly or indirectly by:

- 1) war, including undeclared or civil war;
- 2) warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or

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- 3) insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

Discharge of a nuclear weapon is deemed a warlike action even if it is accidental.

- b. "bodily injury" or "property damage" arising out of:
 - 1) the ownership or leasing of "aircraft" or "hovercraft" by an "insured";
 - 2) the operation, maintenance, use, occupancy, loading, or unloading of "aircraft" or "hovercraft" by any person;
 - 3) the entrustment or loaning of "aircraft" or "hovercraft" by an "insured" to any person; or
 - 4) an "insured's" negligent supervision of or failure to supervise any person with respect to "aircraft" or "hovercraft".

However, this exclusion does not apply to "bodily injury" to a "domestic employee" arising out of and in the course of his or her employment by an "insured".

- c. "bodily injury" or "property damage" arising out of:
 - 1) the ownership or leasing of a "motorized vehicle" or "watercraft" by an "insured";
 - 2) the operation, maintenance, use, occupancy, loading, or unloading of a "motorized vehicle" or "watercraft" by any person;
 - 3) the entrustment or loaning of a "motorized vehicle" or "watercraft" by an "insured" to any person; or
 - 4) an "insured's" negligent supervision of or failure to supervise any person with respect to a "motorized vehicle" or "watercraft".

However, this exclusion does not apply to "bodily injury" to a "domestic employee" arising out of and in the course of his or her employment by an "insured" or if coverage is provided under the Incidental Liability Coverage for Motorized Vehicles or the Incidental Liability Coverage for Watercraft.

- d. "bodily injury" or "property damage" for which an "insured" is vicariously liable if the "bodily injury" or "property damage" arises out of the actions of a child or minor with respect to:
 - 1) "aircraft"; or
 - 2) "hovercraft".

This applies whether or not such liability is imposed by law.

- e. "bodily injury" or "property damage" for which an "insured" is vicariously liable if the "bodily injury" or "property damage" arises out of the actions of a child or minor with respect to a:
 - 1) "motorized vehicle"; or
 - 2) "watercraft".

This applies whether or not such liability is imposed by law.

However, this exclusion does not apply to the extent that coverage for the "motorized vehicle" or "watercraft" is provided under the Incidental Liability Coverage for Motorized Vehicles or the Incidental Liability Coverage for Watercraft.

- f. "bodily injury" or "property damage" arising out of the rendering of or the failing to render a professional service.
- g. "bodily injury" or "property damage" arising out of or in any way related to a "business" conducted from an "insured premises" or undertaken by an "insured", regardless of location, whether or not the "business" is owned or operated by an "insured" or employs an "insured".

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This includes but is not limited to "bodily injury" or "property damage" arising out of an act or a failure to act, regardless of its circumstance, involving a service or duty owed, promised, provided, or implied to be provided because of the nature of the "business".

However, this exclusion does not apply to the extent that coverage is provided:

- 1) for the use of a motorized golf cart while on a golfing establishment under the Incidental Liability Coverage for Motorized Vehicles; or
- 2) under the Incidental Liability Coverage for Business.

h. "bodily injury" or "property damage" that arises out of premises that are:

- 1) owned by an "insured";
- 2) rented to an "insured"; or
- 3) rented to others by an "insured";

and that are not "insured premises".

However, this exclusion does not apply to "bodily injury" to a "domestic employee" arising out of and in the course of his or her employment by an "insured".

i. "bodily injury" or "property damage" that is:

- 1) expected by, directed by, or intended by an "insured";
- 2) the result of a criminal act of an "insured"; or
- 3) the result of an intentional and malicious act by or at the direction of an "insured".

This exclusion applies even if the "bodily injury" or "property damage":

- 1) that occurs is different than what was expected, directed, or intended; or

- 2) is suffered by persons, entities, or property not expected, directed, or intended.

However, this exclusion does not apply to "bodily injury" or "property damage" that arises out of the use of reasonable force by an "insured" to protect people or property.

j. "bodily injury" or "property damage" that arises out of the transmission of a communicable disease by an "insured".

k. "bodily injury" or "property damage" that arises out of sexual molestation.

l. "bodily injury" or "property damage" that arises out of physical or mental abuse.

m. "bodily injury" or "property damage" that arises out of corporal punishment.

n. "bodily injury" or "property damage" that arises out of the use, sale, manufacture, delivery, transfer, or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812, including any amendments. Controlled Substances include but are not limited to cocaine, LSD, marijuana, and all narcotic or hallucinogenic drugs.

However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

2. Additional Exclusions That Apply Only To Coverage L -- Coverage L does not apply to:

a. "bodily injury" to an "insured" as defined in 13.a., 13.b., 13.c., 13.d., or 13.e. under Definitions.

b. any claim made or suit brought against an "insured" seeking:

- 1) reimbursement of; or
- 2) contribution toward;

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damages for which another person may be liable because of "bodily injury" to an "insured".

- c. liability under a contract or an agreement entered into by an "insured", except as provided under the Incidental Liability Coverage for Contracts.
- d. "property damage" to property owned by an "insured".
- e. cost or expense for measures performed on property owned by an "insured" to prevent:
 - 1) injury to a person; or
 - 2) damage to property of others;

on or away from an "insured premises", whether such cost or expense is incurred by an "insured" or others.

- f. "property damage" to property that is rented to, occupied by, used by, or in the care of an "insured".

However, this exclusion does not apply to "property damage" to such property caused by fire, smoke, or explosion.

- g. sickness, disease, or death of a "domestic employee" unless a written notice is received by "us" within 36 months after the end of the policy period in which the injury occurred.
- h. "bodily injury" to a person, including a "domestic employee", if:
 - 1) an "insured" has a workers' compensation policy covering the injury; or
 - 2) benefits are payable or are required to be provided by an "insured" under a workers' compensation, non-occupational disability, occupational disease, or like law.

- i. liability for any assessment levied by a homeowners, condominium, or similar residential association, except as provided under the Incidental Liability Coverage for Loss Assessment.
- j. "bodily injury" or "property damage" for which an "insured" under this policy is also an insured under a nuclear energy liability policy or would be an insured under a nuclear energy liability policy but for the exhaustion of its "limits". (A nuclear energy liability policy is a policy issued by Mutual Atomic Energy Liability Underwriters, Nuclear Energy Liability Insurance Association, or Nuclear Insurance Association of Canada or their successors.)

3. **Additional Exclusions That Apply Only To Coverage M -- Coverage M does not apply to "bodily injury":**

- a. to an "insured" or any other person, other than a "domestic employee", who regularly resides on any part of the "insured premises".
- b. to a person, including a "domestic employee", if a workers' compensation policy covers the injury or if benefits are provided or required to be provided under a workers' compensation, non-occupational disability, occupational disease, or like law.
- c. to a "domestic employee" if the "bodily injury":
 - 1) occurs away from an "insured premises"; and
 - 2) does not arise out of or in the course of his or her employment by an "insured".
- d. from any:
 - 1) nuclear reaction;
 - 2) nuclear radiation; or
 - 3) radioactive contamination;

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whether controlled or uncontrolled or
however caused; or

- 4) any consequence of 1), 2), or 3)
above.

WHAT MUST BE DONE IN CASE OF LOSS OR OCCURRENCE

1. Property Coverages

The following duties apply when there is loss to covered property. These duties must be performed by "you", "your" representative, an "insured" seeking coverage, or the representative of an "insured" seeking coverage.

"We" are not obligated to provide the coverages described in this policy if these duties are not performed.

- a. **Notice** -- Prompt notice must be given to "us" or "our" agent. "We" may request written notice.

Notice must be given to the police when the loss involves theft.

Notice must be given to the credit card, electronic fund transfer card, or electronic access device company when the loss involves a credit card, an electronic fund transfer card, or an electronic access device.

- b. **Protecting Property** -- All reasonable measures must be taken to protect covered property at and after a covered loss to avoid further loss.

If the property must be repaired, "you" must:

- 1) make reasonable and necessary repairs to protect the property; and
- 2) keep an accurate record of the costs of such repairs.

- c. **Cooperation** -- All "insureds" seeking coverage, and the representative or representatives of all "insureds" seeking coverage, must cooperate with "us" in the investigation of a claim.

- d. **Inventory Of Damaged Personal Property** -- "We" must be given an inventory of personal property involved in a loss that shows, in detail, the:

- 1) quantity;
- 2) description;
- 3) "actual cash value"; and
- 4) amount of loss.

Copies of all bills, receipts, and related documents that confirm the figures stated in the inventory must be attached.

- e. **Showing Damaged Property** -- As often as "we" reasonably request, "we" must be:

- 1) shown the damaged property; and
- 2) allowed to take samples of damaged property for inspection, testing, and analysis.

- f. **Records And Documents** -- As often as "we" reasonably request, "we" must be:

- 1) given requested records and documents, including but not limited to tax returns and bank records of all canceled checks that relate to the value, loss, and costs; and
- 2) permitted to make copies of such records and documents.

- g. **Examination Under Oath** -- As often as "we" reasonably request, all "insureds" must:

- 1) submit to examination under oath in matters that relate to the loss or claim; and
- 2) sign such statement made under oath.

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If more than one person is examined, "we" have the right to examine and receive statements separately from each person and not in the presence of other "insureds".

h. Proof Of Loss -- "We" must be given a signed, sworn proof of loss, within 60 days after "our" request, that:

- 1) states, to the best of "your" knowledge and belief, the:
 - a) time and cause of the loss; and
 - b) interests of all "insureds" and the interests of all others, including all mortgages and liens, in the property involved in the loss;
- 2) identifies:
 - a) other policies that may cover the loss; and
 - b) any changes in title or use of the property during the policy period; and
- 3) provides:
 - a) available plans and specifications of damaged buildings;
 - b) detailed estimates for repair;
 - c) the inventory of damaged personal property described in d. above;
 - d) receipts for additional living costs incurred and records that prove the fair rental value; and
 - e) evidence or affidavit supporting a claim under the Incidental Property Coverage for Credit Card; Electronic Fund Transfer Card Or Access Device; Forgery; And Counterfeit Money and stating the amount and cause of loss.

- i. **Assistance With Enforcing Right Of Recovery --** At "our" request, "we" must be given assistance with enforcing any right of recovery that an "insured" may have against a party causing the loss.

2. Liability Coverages

The following duties apply when there has been an "occurrence". These duties must be performed by "you" or another "insured". "You" must assist "us" by seeing that they are performed.

"We" are not obligated to provide the coverages described in this policy if these duties are not performed.

- a. **Notice --** Written notice must be given to "us" or "our" agent as soon as is practical. The notice must state:

- 1) "your" name and the policy number;
- 2) reasonably available information regarding the time, location, and other details of the "occurrence"; and
- 3) the names and addresses of all known potential claimants and witnesses.

- b. **Volunteer Payments -- Any:**

- 1) payments made;
- 2) rewards paid or offered; or
- 3) obligations or other costs assumed;

by an "insured" will be at the "insured's" own cost.

However, this does not apply to costs that are covered under the Incidental Liability Coverage for First Aid Expense.

- c. **Cooperation --** The "insured" must cooperate with "us" in the investigation, defense, or settlement of a claim or suit.
- d. **Notices, Demands, And Legal Papers --** The "insured" must promptly give "us" copies of all notices, demands, and legal papers that relate to the "occurrence".

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e. **Assistance With Claims And Suits --**
At "our" request, the "insured" must help "us";

- 1) to settle a claim;
- 2) to enforce the right of recovery or indemnification against all parties who may be liable to an "insured";
- 3) to conduct suits. This includes being at trials and hearings;
- 4) in the securing of and giving of evidence; and
- 5) in obtaining the attendance of all witnesses.

f. **Other Duties -- Damage To Property Of Others --** "We" must be given a sworn statement of loss within 60 days after the loss. The damaged property must be shown to "us" if it is within an "insured's" control.

- a) Credit Card; Electronic Fund Transfer Card Or Access Device; Forgery; And Counterfeit Money;
- b) Fire Department Service Charge;
- c) Lock And Garage Door Transmitter Replacement; and
- d) Refrigerated Property.

It applies to all Perils Insured Against unless otherwise stated.

2) Subject to the "limits" that apply, "we" pay that part of the loss over the deductible. The deductible applies:

- a) per occurrence and, with respect to the Incidental Property Coverages for Association Deductible and Loss Assessment, regardless of the number of deductibles charged or assessments levied; and
- b) separately at each covered location. Only one deductible applies at each location.

HOW MUCH WE PAY FOR LOSS OR OCCURRENCE

1. Property Coverages

a. **Our Limit --** "We" pay the lesser of:

- 1) the "limit" that applies; or
- 2) the amount determined under the applicable Loss Settlement Terms;

regardless of the number of "insureds" with an interest in the property.

However, no "insured" will be paid an amount that exceeds his or her interest in the property at the time of loss.

b. **Deductible**

- 1) This applies to all Principal Property Coverages and all Incidental Property Coverages except:

c. **Loss To A Pair Or Set --** If there is a loss to an item that is part of a pair or set, "we" pay only to replace or repair the item, or "we" pay the difference in the "actual cash value" of the pair or set just before the loss and the "actual cash value" just after the loss.

d. **Loss To Parts --** If there is a loss to a part of an item that consists of several parts when it is complete, "we" pay only for the value of the lost or damaged part or the cost to repair or replace it.

e. **Loss Settlement Terms --** Subject to the "terms" shown above, "we" settle losses according to the Replacement Cost Terms. If the Replacement Cost Terms do not apply, "we" settle losses according to the Actual Cash Value Terms.

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In the Replacement Cost Terms and the Actual Cash Value Terms, replacement cost and cost to repair or replace do not include any Increased cost that results from the enforcement of a code, ordinance, or law, except to the extent that coverage for such Increased cost is provided under the Incidental Property Coverage for Increased Cost -- Ordinance Or Law.

1) Replacement Cost Terms That Apply To Coverage A And Coverage B Only

a) These Replacement Cost Terms apply only to buildings covered under Coverage A or Coverage B that have a permanent foundation and roof.

b) If the "limit" that applies to the damaged building at the time of loss is less than 80% of its full replacement cost just before the loss, the larger of the following amounts is used in applying the "terms" under Our Limit:

(1) the "actual cash value" of the damaged part of the building just before the loss; or

(2) that part of the cost to repair or replace the damaged part, after application of any deductible, which the "limit" on the damaged building bears to 80% of its full replacement cost just before the loss.

c) If the "limit" that applies to the damaged building at the time of loss is at least 80% of its full replacement cost just before the loss, the smaller of the following amounts is used in applying the "terms" under Our Limit:

(1) the amount actually and necessarily spent to repair or replace the damaged building; or

(2) the cost to repair or replace the damage:

(a) using materials of like kind and quality; and

(b) for like use.

However, when a damaged building is rebuilt at another location, such cost is limited to the cost that would have been incurred if the building had been repaired or replaced at the location where the damage occurred.

d) In determining the replacement cost, do not include the cost of:

(1) excavations; brick, stone, or concrete foundations; piers; footings; or other structures or features that support all or part of the building that are:

(a) below the undersurface of the lowest basement floor; or

(b) below the surface of the ground inside the foundation walls, if there is no basement; or

(2) underground flues, pipes, wiring, or drains.

e) When the cost to repair or replace exceeds the lesser of \$2,500 or 5% of the "limit" that applies to the damaged building, "we" will pay no more than the "actual cash value" of the loss until repair or replacement is completed. Once repair or replacement is completed, "we" will settle the loss as described in b) and c) above.

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- f) At "your" option, "you" may make a claim under the Actual Cash Value Terms Instead of these Replacement Cost Terms. "You" may later make a claim for any additional amount payable under these Replacement Cost Terms, but only if "you" have informed "us", within 180 days after the date of loss, that "you" plan to do so.
- 2) Replacement Cost Terms That Apply To Personal Property Only
- a) These "terms" apply to:
- (1) property covered under Coverage C; and
 - (2) the following classes of personal property, if covered under this policy by scheduled insurance and such coverage is not subject to Agreed Value Loss Settlement Terms:
 - (a) jewelry;
 - (b) furs and garments trimmed with fur or consisting principally of fur;
 - (c) cameras, projection machines, films, and related items of equipment;
 - (d) musical instruments and related items of equipment;
 - (e) silverware, goldware, platinumware, pewterware, and items plated with silver, gold, or platinum;
 - (f) golf clubs, golf clothing, and golf equipment; and
 - (g) bicycles.
- b) However, these "terms" do not apply to:
- (1) items of antiquity, art, or rarity that cannot be duplicated;
 - (2) memorabilia, souvenirs, collector's items, and similar items whose age or history contribute to their value;
 - (3) items not maintained in good or workable condition; or
 - (4) items that are outdated or obsolete and are stored or not being used.
- Property described in (1) through (4) above is subject to Actual Cash Value Terms.
- c) The smaller of the following amounts is used in applying the "terms" under Our Limit:
- (1) the cost, at the time of loss, to replace the lost or damaged part of the property, without deduction for depreciation; or
 - (2) the full cost, at the time of loss, to repair the damaged part of the property.
- d) When the total cost to repair or replace all property involved in any one occurrence is more than \$500, "we" do not pay for more than the "actual cash value" of the loss until actual repair or replacement is completed.
- e) At "your" option, "you" may make a claim under the Actual Cash Value Terms instead of these Replacement Cost Terms. "You" may later make a claim for any additional amount payable under these Replacement Cost Terms, but only if "you" have informed "us", within 180 days after the date of loss, that "you" plan to do so.

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- 3) **Actual Cash Value Terms**
 - a) The Actual Cash Value Terms apply to all property not subject to the Replacement Cost Terms.
 - b) The smaller of the following amounts is used in applying the "terms" under Our Limit:
 - (1) the cost to repair or replace the lost or damaged part of the property with materials of like kind and quality, to the extent practical; or
 - (2) the "actual cash value" of the lost or damaged part of the property just before the loss.
2. **Coverage L -- Personal Liability** -- The "limit" shown on the "declarations" for Coverage L is the most "we" pay for loss for each "occurrence". This applies regardless of the number of:
 - a. persons insured under this policy;
 - b. parties who sustain injury or damage;
 - c. claims made or suits brought; or
 - d. policy periods involved.

All "bodily injury" and "property damage" arising out of any one accident or out of repeated exposures to similar conditions will be considered one "occurrence".
3. **Coverage M -- Medical Payments To Others** -- The "limit" shown on the "declarations" per person for Coverage M is the most "we" pay for all medical expenses payable for "bodily injury" to one person as the result of one accident.

When a "limit" is shown on the "declarations" per accident for Coverage M, that "limit" is the most "we" pay for any one accident.

The payment of a claim under Coverage M does not mean an admission of liability on "our" part or on the part of any "insured".
4. **Severability** -- The Liability Coverages provided by this policy apply separately to each "insured", but this does not increase the "limit" that applies for any one "occurrence".
5. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy applies to a loss, "we" pay no more than the actual loss.
6. **Insurance Under More Than One Policy**
 - a. **Property Coverages**
 - 1) If there is other insurance that applies to a loss, cost, or expense, other than insurance in the name of an association or a corporation of property owners, "we" pay "our" share of the loss, cost, or expense. "Our" share is that part of the loss, cost, or expense that the "limit" of this policy bears to the total amount of insurance that applies to the loss, cost, or expense.

However, this does not apply to loss, cost, or expense that is also covered by:

 - a) a home warranty, a service or maintenance plan or agreement, or any other warranty, plan, or agreement that provides for the repair or replacement of property, even if such warranty, plan, or agreement has the characteristics or qualities of insurance; or
 - b) a government fund.
 - 2) When a loss, cost, or expense is also covered by insurance in the name of an association or a corporation of property owners, this insurance is excess over the "limit" that applies under such other insurance.

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However, this excess provision does not apply with respect to the coverage provided under the Incidental Property Coverage for Association Deductible.

- b. **Coverage L -- Personal Liability --**
This insurance is excess over other valid and collectible insurance that applies to the loss or claim, other than insurance written specifically to provide coverage in excess of the "limits" that apply in this policy.

If the other insurance is also excess, "we" pay only "our" share of the loss. "We" pay only that part of the loss that the applicable "limit" under this policy bears to the total amount of insurance covering the loss.

7. **Warranties And Service Or Maintenance Plans Or Agreements --** If loss, cost, or expense covered by this policy is also covered by a home warranty, a service or maintenance plan or agreement, or any other warranty, plan, or agreement that provides for the repair or replacement of property, this insurance is excess over any amount payable by such warranty, plan, or agreement. This applies even if such warranty, plan, or agreement has the characteristics or qualities of insurance.
8. **Government Funds --** If loss, cost, or expense covered by this policy is also covered by a government fund, "we" pay "our" share of the loss, cost, or expense. "Our" share is that part of the loss, cost, or expense that the "limit" of this policy bears to the total amount payable for the loss, cost, or expense to the extent permitted by law.

PAYMENT OF LOSS

1. Property Coverages

- a. Except as provided in 3. below, "we" adjust each loss with "you". "We" pay a covered loss within 60 days after an acceptable proof of loss is received and:

- 1) "we" reach an agreement with "you";
- 2) there is an entry of a final judgment; or
- 3) there is a filing of an appraisal award with "us".

Payment is made to "you" unless a loss payee or some other person or entity is named in the policy or is legally entitled to receive payment.

- b. "We" may:

- 1) pay the loss in money; or
- 2) rebuild, repair, or replace the property. "We" must give "you" written notice of "our" intent to do so within 30 days after "we" receive an acceptable proof of loss.

If "we" pay the loss in money, "we" may take all or part of the damaged property at the agreed or appraised value. Property paid for or replaced by "us" becomes "ours".

- c. If the "described location" is made unfit for use for more than one month, loss, cost, or expense covered under Coverage D is paid on a monthly basis. "You" must give "us" proof of such loss, cost, or expense.

2. **Liability Coverages --** A person who has secured a judgment against an "insured" for a covered loss or has liability established by a written agreement between the claimant, an "insured", and "us" is entitled to recover under this policy to the extent of coverage provided.

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3. Damage To Personal Property Of Others
-- At "our" option, a covered loss may be adjusted with and paid:

- a. to "you" on behalf of the owner; or
- b. to the owner. If "we" pay the owner, "we" do not have to pay an "insured".

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least ten days before cancellation is effective. If "we" cancel this policy for any other reason when it has been in effect for 60 days or more, "we" will give "you" notice at least 30 days before cancellation is effective.

If "we" do not renew this policy, "we" will give "you" notice at least 30 days before nonrenewal is effective.

POLICY CONDITIONS

CONDITIONS APPLICABLE TO ALL COVERAGES

- 1. **Assignment** -- This policy may not be assigned without "our" written consent.
- 2. **Cancellation And Nonrenewal** -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel or not renew this policy by written notice to "you" at the address shown on the "declarations". Proof of delivery or mailing is sufficient proof of notice.

During the first 59 days this policy is in effect, "we" may cancel for any reason. "We" will give "you" notice at least ten days before cancellation is effective.

When this policy has been in effect 60 days or more, or if it is a renewal of a policy issued by "us", "we" may cancel or not renew only at the anniversary date unless:

- a. the premium has not been paid when due;
- b. the policy was obtained through fraud, material misrepresentation, or omission of fact, which, if known by "us", would have caused "us" not to issue the policy; or
- c. there has been a material change or increase in hazard of the risk.

3. Change, Modification, Or Waiver Of Policy Terms

- a. A waiver or change of the "terms" of this policy must be issued by "us" in writing to be valid.
- b. If "we" adopt a revision that broadens coverage under this edition of "our" policy without an additional premium, the broadened coverage will apply to "your" policy as of the date "we" adopt the revision in the state in which the "described location" is located. This applies only to revisions adopted within 60 days prior to or during the policy period shown on the "declarations".

However, this does not apply to revisions adopted as part of an overall program revision that both broadens and restricts coverage, whether "we" bring about the program revision by introducing:

- 1) a subsequent edition of "our" policy; or
- 2) an endorsement that amends "our" policy.
- c. "Our" request for an appraisal or examination under oath does not waive policy "terms".

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4. **Conformity With Statute** -- "Terms" in conflict with the laws of the state in which the "described location" is located are changed to conform to such laws.
5. **Death** -- The "terms" in a. and b. below apply if any person named as the insured on the "declarations" or that person's spouse, if a resident of the same household, dies.
- a. "We" provide coverage for the legal representative of the deceased person:
- 1) but only with respect to the deceased person's premises and property covered by this policy at the time of death; and
 - 2) only to the extent that coverage is provided by this policy.
- b. "Insured" includes:
- 1) an "insured" who is a member of the deceased person's household at the time of the deceased person's death, but only while a resident of the "described location"; and
 - 2) persons having proper, temporary custody of the deceased person's covered property, but only with respect to such property and only until such time as a legal representative is appointed and qualified.
6. **Inspections** -- "We" have the right, but are not obligated, to inspect "your" property and operations. This inspection may be made by "us" or may be made on "our" behalf. An inspection or its resulting advice or report does not warrant that "your" property or operations are safe, healthful, or in compliance with laws, rules, or regulations. Inspections or reports are for "our" benefit only.
7. **Misrepresentation, Concealment, Or Fraud** -- "We" do not provide coverage for any "insured" if, before or after a loss:
- a. an "insured" has willfully concealed or misrepresented a material fact or circumstance that relates to this insurance or the subject thereof; or
 - b. there has been fraudulent conduct or false swearing by an "insured" with regard to a matter that relates to this insurance or the subject thereof.
- This applies even with respect to an "insured" who was not involved in the concealment, misrepresentation, fraudulent conduct, or false swearing.
8. **Subrogation** -- If "we" pay for a loss, "we" may require that the "insured" assign to "us" the right of recovery up to the amount "we" pay. "We" are not liable for a loss if, after the loss, an "insured" impairs "our" right to recover against others. An "insured" may waive his or her right to recover, in writing and before a loss occurs, without affecting coverage.
- In the event that "we" require such an assignment, the "insured" must:
- a. sign and give to "us" all related documents; and
 - b. cooperate with "us".
- Subrogation does not apply to Coverage M -- Medical Payments To Others or to the Incidental Liability Coverage for Damage To Property Of Others.
- CONDITIONS APPLICABLE TO PROPERTY COVERAGES ONLY**
1. **Abandonment Of Property** -- An "insured" may not abandon property to "us" unless "we" agree.

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2. **Appraisal** -- If "you" and "we" do not agree as to the value or amount of loss, either may demand an appraisal of such loss. In this event, "you" and "we" will each select a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will select a competent and impartial umpire. If they do not agree on an umpire within 15 days, "you" or "we" may ask a judge of a court of record of the state where the "described location" is located to make the selection.

A written agreement of the two appraisers will set the amount of loss. If the appraisers fail to agree, they will submit their differences to the umpire. The written agreement of any two of these three will set the amount of the loss.

"You" will pay the expense of "your" appraiser and "we" will pay the expense of "our" appraiser. "You" and "we" will share equally the expense of the umpire and the other expenses of the appraisal.

Under no circumstance will an appraisal be used to interpret policy "terms", determine causation, or determine whether or not a loss is covered under this policy.

3. **Loss Payable Clause** -- With respect to those items of personal property for which a loss payee is shown on the "declarations", the definition of "insured" is extended to include that loss payee, but only with respect to those items of personal property.

If "we" cancel or do not renew this policy, "we" will so notify, in writing, any loss payees shown on the "declarations".

4. **Mortgage Clause**

- a. If a mortgagee is named on the "declarations", a loss payable under Coverage A or Coverage B will be paid to the mortgagee and "you", as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages. The word mortgagee includes trustee.

- b. If "we" deny "your" claim, that denial does not apply to a valid claim of the mortgagee if the mortgagee has:
- 1) notified "us" of change in ownership, occupancy, or substantial change in risk of which the mortgagee became aware;
 - 2) paid the premium due under this policy on demand if "you" neglected to pay the premium; and
 - 3) submitted a signed, sworn statement of loss within 60 days after receiving notice from "us" if "you" failed to do so.

All "terms" of this policy apply to the mortgagee unless changed by this clause.

- c. If "we" cancel or do not renew this policy, "we" will notify any mortgagees named on the "declarations" at least ten days before the date cancellation or nonrenewal takes effect.
- d. If "we" pay the mortgagee for a loss and deny payment to "you", "we" are subrogated, up to the amount "we" paid for the loss, to all the rights of the mortgagee granted under the mortgage on the property. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

At "our" option, "we" may pay to the mortgagee the whole principal on the mortgage plus the accrued interest. In this event, "we" will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

5. **No Benefit To Ballee** -- Coverage under this policy will not directly or indirectly benefit those who are paid to assume custody of covered property.
6. **Policy Period** -- This policy covers only losses that occur during the policy period.

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7. **Recoveries** -- This applies if "we" pay for a loss and lost or damaged property is recovered or payment is made by those responsible for the loss.

"You" must inform "us" or "we" must inform "you" if either recovers property or receives payment. Proper costs incurred by either party are paid first.

At "your" option, "you" may keep the recovered property. If "you" keep the recovered property, the amount of the claim paid, or a lesser amount to which "we" agree, must be returned to "us".

If the claim paid is less than the agreed loss due to a deductible or other limiting "terms", the recovery is prorated between "you" and "us" based on the interest of each in the loss.

8. **Suit Against Us** -- No suit may be brought against "us" unless all of the "terms" that apply to the Property Coverages have been complied with and the suit is brought within two years after the loss.

If a law of the state where the "described location" is located makes this time period invalid, the suit must be brought within the time period allowed by the law.

9. **Volcanic Eruption** -- All volcanic eruption that occurs within a 72-hour period constitutes a single occurrence.

CONDITIONS APPLICABLE TO LIABILITY COVERAGES ONLY

1. **Bankruptcy Of An Insured** -- Bankruptcy or insolvency of an "Insured" does not relieve "us" of "our" obligations under this policy.

2. **Duties Of An Injured Person -- Medical Payments To Others Coverage** -- In case of a loss, the injured person or someone acting on behalf of that person must:

- a. give "us" written proof of claim (under oath if "we" request) as soon as practical; and
- b. authorize "us" to get copies of medical records.

The injured person must submit to medical exams by doctors chosen by "us" when and as often as "we" may reasonably require.

3. **Policy Period** -- This policy covers only "bodily injury" and "property damage" that occur during the policy period.

4. **Suit Against Us** -- No suit may be brought against "us" unless all of the "terms" that apply to the Liability Coverages have been complied with and the amount of the "Insured's" liability has been fixed by:

- a. a final judgment against the "Insured" as a result of a trial; or
- b. a written agreement of the "Insured", the claimant, and "us".

No person has a right under this policy to join "us" or implead "us" in actions that are brought to fix the liability of an "Insured".

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DONAN[®]

PREPARED FOR:

MR. MIKE RODRIGUEZ
BUCKEYE STATE MUTUAL INSURANCE COMPANY
ONE HERITAGE PLACE
PIQUA, OHIO 45356-4888

RALPH & SHERI TRINE
40 LANE 530 A LAKE JAMES
FREMONT, INDIANA 46737
CLAIM NUMBER: 140HP000252
DONAN PROJECT NUMBER: 05-14040204-0

PREPARED BY:

DONAN ENGINEERING CO., INC.
11321 PLANTSIDE DRIVE
LOUISVILLE, KENTUCKY 40299
800-482-5611

MAY 14, 2014

SCOTT L. MUKA, S.E., P.E.
SENIOR FORENSIC ENGINEER
INDIANA PE: 19300446
EXPIRES: JULY 31, 2014

EXHIBIT

"B"

John G. Donan, Jr., P.E.
Chairman of the Board

J. Lyle Donan, P.E.
President, CEO



CORRESPOND TO:
Donan Engineering Co., Inc.
11321 Plantside Drive
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May 14, 2014

Mr. Mike Rodriguez
Buckeye State Mutual Insurance Company
One Heritage Place
Piqua, Ohio 45356-4888

RE: **Ralph & Sheri Trine**
40 Lane 530 A Lake James
Fremont, Indiana 46737
Claim Number: 140HP000252
Donan Project Number: 05-14040204-0

Dear Mr. Rodriguez:

At your request, on April 21, 2014, a study was made on the house at the above-referenced address. The purpose of the study was to determine the cause of damage to the house, including the molding pulling away, the cracks in the drywall, the cracks in the tile flooring; and whether the damage is caused by the weight of ice and snow, settling, or another cause. Mrs. Trine and Mr. Jim Wilder, Mr. Aaron Steury, and Mr. Don Wise, of A& D Specs Custom Homes (the contractors), were present to point out areas of concern and to provide firsthand information. This letter, with the attached photographs, is the report of my findings and conclusions.

Description of Property

For purposes of this report, the house is considered to face west toward Lane 530 A Lake James. The house is a two-story, wood-framed structure over a walk-out basement with poured concrete walls (Photographs 1 through 4). The exterior walls are covered with exterior insulation and finishing system (EIFS), and the roof is clad with slate. The house was built in 1997, and Mrs. Trine has owned it since.



FORENSIC ENGINEERING



FIRE INVESTIGATION



COMPONENT TESTING



LIGHTNING INVESTIGATION

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Background

Mrs. Trine reported that on April 7, 2014, she returned home from an out-of-town trip and noticed cracking and settlement throughout the house and the concrete patio/swimming pool deck, which is located along the east side of the house. She noticed that the sculptures that are located along the edge of the swimming pool slab are leaning eastward. Mrs. Trine said that she noticed a strong mold-like odor in the three season room, which is located at the northeast corner of the lower level.

The contractors said that the concrete patio, which is located along the east side of the house, was cracked due to frost heave. They reported that the frost heave unevenly uplifted the edge of the sliding pool, on which the pool cover roller is located. The contractors commented that the pool cover was in-operable due to its shape being distorted by the uplifted pool deck.

Mrs. Trine was present at the beginning of the site study and left shortly after our introduction. At Mrs. Trine's request, the contractors walked me around the inside and the outside of the house, to show me the locations of damage that they said was caused by the weight of ice and snow and the extreme cold winter temperatures.

Observations

An in-ground swimming pool is located on the east side of the house. A concrete patio (patio) abuts the east wall of the house and surrounds the swimming pool. The patio is built with concrete that is tinted and has a simulated stone patterned finish. Randomly oriented cracks are present throughout the area of the concrete patio (Photographs 5 through 12). The patio slab is displaced upward along the metal track for the west edge of the swimming pool cover (Photograph 13).

Pairs of decorative columns, which are supported by single pedestal bases, are located around the east edge of the patio (Photograph 14). The columns lean eastward (Photographs 15 and 16). A 4-foot long soil probe was inserted into the soil at the slab edge at an angle to determine whether a foundation was located below the pedestals (Photograph 17). A foundation was not found below the pedestals. The pedestals are supported by the patio slab.

Due to the possibility of foot traffic damage to the slates, the study was conducted from the low roof, the ground, and balconies. Sliding and missing slates are evident on some of the roof slopes (Photographs 18 through 20).

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Numerous broken slates are evident on the roof slopes (Photographs 21 through 24). Partially withdrawn slate fastening nails are evident on some of the roof slopes (Photographs 25 and 26). Partially withdrawn nails have uplifted at cracked slates at some locations (Photographs 27 and 28).

Horizontal outward buckles are evident to the EIFS surface finish at some column and wall locations (Photographs 29 and 30). A deteriorated historical repair, which was made with sealant, is evident at a cracked and buckled section of the EIFS wall (Photographs 31 and 32).

Exterior balconies are present on the east side of the house. Cracks are present in the EIFS finish along the outside edge of the balcony (Photographs 33 through 36). Some of the tile grout joints are deteriorated to the tiled floor of a west-facing balcony (Photograph 37).

Wood-clad sliding glass doors are located at each balcony. The threshold of the door frame is located on the balcony surface (Photographs 38 and 39). At some balconies, a gap is present between the edge of the balcony membrane and the door threshold (Photographs 40 through 42). Load-bearing columns, which are clad with EIFS, support the house and the balcony. The EIFS is deteriorated and has opened gaps where the top in the bottom of the balcony floors frame into the column (Photographs 43 through 46). During the site study, Mr. Wise and Mr. Steury showed me the location where they had previously removed a section of EIFS at the base of a column, which is located at the corner of a balcony (Photograph 47). The structural wood framing is visible through the opening where the section of EIFS was removed. Rot is evident to some of the wood framing (Photograph 48).

Two large windows are located on the east end of the south great room (Photograph 49). A vertical crack is present in the drywall, between the jambs of the high and the low windows (Photograph 50). A gap is present at the miter joint of the window molding below the crack. Ribbon string lights extend along the top of the wall behind a strip of decorative molding around the perimeter of the east great room (Photograph 51). Dark stains are evident on the wall at the locations of the light bulbs.

Rot is evident to the wood at the windowsills and bottom section (rail) of some windows that are located along the east and the west walls (Photographs 52 through 55). Rot is evident to the wood at the bottom rails of some sliding glass doors (Photographs 56 through 62).

During the site study, Mr. Wise and Mr. Steury showed me the locations on the basement level, first-floor level, and second-floor level where they had

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previously removed sections of interior drywall at several locations along the east wall of the house (Photographs 63 through 65). A polyvinyl vapor barrier is present behind the layer of drywall. A layer of spray-foam urethane insulation is located behind the polyvinyl vapor barrier (Photograph 66). The remnants of a layer of oriented strand board (OSB) wall sheathing, which is now rotted, are evident behind the sprayed rigid-foam urethane insulation (Photograph 67). The remnants of the OSB wall sheathing are deteriorated to a rotted, flaking material (Photograph 68).

A wall, which is oriented in the east/west direction, abuts a first-floor hallway, which is located above the north side of the great room (Photograph 69). A string of ribbon string lights extends along the top of the wall behind a strip of decorative molding (Photograph 70). Dark stains are evident on the wall at the locations of the light bulbs. Crown molding is located along the top of the wall. A bead of elastomeric sealant is evident along the top edge of the crown molding, where it abuts the ceiling (Photograph 71). The crown molding is displaced downward from the ceiling by as much as $\frac{3}{4}$ inch at some locations, and the bead of elastomeric sealant is torn (Photographs 72 and 73). A closet and a bathroom for the master bedroom are located on the north side of the hallway wall. The crown molding is displaced downward from the ceiling by as much as $\frac{3}{4}$ inch on the south wall of the bathroom, and the bead of elastomeric sealant is torn (Photograph 74). The crown molding is displaced downward from the ceiling by as much as $\frac{3}{4}$ inch on the south wall of the master bedroom closet (Photograph 75).

The attic is accessible through a ceiling hatch located above the first-floor east/west hallway. The geometry of the roof structure is complex and consists of a combination of wood rafters, wood trusses, wood mono trusses, and wood girder trusses (Photographs 76 and 77). The roof sheathing is OSB. Fractures or water stains are not evident to the roof structure or the roof sheathing.

Mono-trusses, which are located above the east/west hallway, span in the north/south direction (Photograph 78). The mono-trusses are supported at their north ends by a girder truss, which spans in the east/west direction and is located 6 inches north of the hallway wall. The bottom chord of the mono-trusses and the girder truss are located at the same elevation, which is at the top of the hallway wall. The mono trusses are not fastened to the hallway wall. From the attic, a $\frac{3}{4}$ -inch gap is evident between the top of the hallway wall and the underside of the bottom chord of the mono-trusses.

A large, banquet-style room (banquet room) is located at the east end of the walk-out basement (Photograph 79). The banquet room floor is clad with marble

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tile. A crack, which is oriented in the east/west direction, is located approximately at the southeast exterior corner of the room (Photograph 80). The crack extends the full length of the floor in the east/west direction. A crack, which is oriented in the north/south direction, is located approximately at the southwest corner of the banquet room (Photographs 81 and 82). The crack extends the full length of the floor in the north/south direction. The cracks are located in the tiles and in the tile grout joints (Photographs 83 and 84).

A three-season room abuts the north wall of the banquet room (Photographs 85 and 86). The three-season room is enclosed with walls, doors, and windows. External or mechanical ventilation are not evident in the room. The doors and windows were closed prior to the time of the site study. Two portable heaters are present in the room. A strong, moldy odor was present in the room during the site study. Visible mold was not evident during the site study. Mold-producing temperature and relative humidity were not present in the room during the site study.

Analysis

General Information Regarding Slate

Slate roofs have two unique characteristics that set them apart from most other roofs: 1) a common slate roof will last a long time, even centuries, and 2) slate roofs are made of removable and interchangeable parts. Any individual slate tile, for example, can be removed from the roof and replaced, as can any flashing on the roof. Slate is not a man-made product. It is a metamorphic stone quarried and split by hand into individual slates. Because it is a natural product and produced by hand, each individual piece is unique. Slate also varies widely in composition, characteristics, and life expectancy, depending on its origin. For example, a soft slate from eastern Pennsylvania may have life expectancy as little as 50 years, whereas a hard slate from Vermont may have an average life expectancy of literally hundreds of years.

Because each piece of slate is unique, they can contain specific characteristics that may fail at different points in time than the adjacent slate, even if the slates are the same age and from the same quarry. In addition, characteristics individual to the installation of each slate, including the type and placement of nails and the condition of the substrate can play a role in the longevity of the tile's service life. As a result, slates can become unsecured and slip from the roof due to a variety of factors. Therefore, spot replacement of the fallen tiles must be performed as a part of routine, but prudent, maintenance in

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order to maximize the roof's service life. Maintenance of the slates should be performed every two to three years.

Deterioration of Slate and Slate Roofs

Installation problems typically involve the improper nailing and lapping of slates. The nailing of slates differs from that of other roofing materials because slate nails should not be driven tight, as should be done with asphalt and wood shingles. Slating nails should be set such that the slate is permitted to hang freely on the nail shank. Nails driven too far will crack the slate, and those left projecting will puncture the overlying slate. Nail heads left exposed accelerate roof deterioration by providing a point for water entry. At some locations, underdriven nails, or nails that have undergone withdrawal after their installation, caused internal stress to some of the slate tiles. The internal stress in the tiles caused the tiles to crack and become displaced from their installed location. Some cracked, missing, and displaced tiles are caused by the inadvertent damage of foot traffic on the tiles.

The roof slope above the garages is approximately 5 units vertical per 12 units horizontal (5:12). The roof slope above the house is approximately 2:12. The shallowest slope permissible per the 2009 International Residential Code for One- and Two-Family Dwellings for a slate roof is 4:12; however, the slope should be too steep to walk upon for the roof to last a long time.¹ Slates can fail prematurely when walked upon. Because slate roofs are water-shedding rather than waterproof systems, slopes as shallow as 4:12 are more vulnerable to water intrusion than steeper slopes.

Shallower roofs are also more susceptible to water intrusion caused by ice dams. Heat warms the underside of the roof deck, melting the snow. The lower portion of the roof (at the eaves and above the gutters) is typically colder, and the water re-freezes, progressively building up a dam of ice and trapping any water resulting from further melting. Water pooled behind the ice dam can flow under the slates and onto the roof decking. Because ice dams, like snow or sleet accumulation, build up on the top side of the slates, the slates are rarely damaged by the accumulation of ice. The weight of ice and snow cannot damage slate. Falling ice can damage slate; but evidence of falling ice was not found to this slate.

¹ What Roof Consultants Should Know About Slate Roofs; Joseph Jenkins-Roof Consultants Interface Journal.

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Frost Heave Patio Swimming Pool-Area Slab

Frost heave is the upward movement of certain types of soil that is caused when moisture in the soil freezes, expands, and lifts the frozen soil upward. When the ice and the frozen ground thaw, the soil contracts, but does not immediately contract downward to its pre-frozen position. The patio/swimming pool area slab displaced upward/downward, and cracked as a result of frost heave. Frost heave is a normal occurrence in cold climates. The patio/swimming pool area slab is a floating slab. The term, floating slab refers to the common type of exterior slab that is supported by the ground rather than by a foundation that extends downward below the expected frost depth. Foundations that extend below the frost depth are not subjected to upward forces and movement from frost heave.

The eastward leaning of the pairs of decorative columns on the pedestal bases, which are located along the east edge of the patio/swimming pool-area slab, are caused by frost heave. The pedestals settled and/or heaved with the pool slab, causing the pairs of decorative columns and pedestal bases to lean eastward.

Mold

Mold is the general term utilized to describe one or more of the many hundreds of fungal growths that exist in the environment. A laboratory analysis is usually required to confirm whether a substance is mold and to determine the type of mold. In some cases, a substance can be identified as mold with a reasonable degree of certainty without a laboratory analysis. Mold favors locations with low light and relatively low air circulation; however, an adequate nutrient source and, most importantly, moisture are essential for mold growth. Mold can subsist on nearly any organic material (such as dust, paper, wood, etc.). Many environments are conducive for mold growth as long as sufficient moisture is present. While sustained direct moisture sources are necessary for some species of mold, others can thrive in areas with no liquid water present when the relative humidity is 60 percent or higher. Once conditions become advantageous for fungal growth, the organism will survive the lowering of moisture levels by becoming dormant until favorable conditions return.

Once a fungal colony becomes established, its growth is difficult to halt. Remediation typically includes the elimination of the condition or conditions that prompts the fungal growth (e.g., excess moisture), as well as the steps to safely and effectively remove or clean fungal-damaged materials. EPA and OSHA guidelines are available that provide methods to insure that remediation is properly applied (www.osha.gov/dts/shib/shib101003.html).

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Three-Season Room Ventilation

The three-season room is a closed, habitable space. It is probable that the mold-like odor that was present in the three-season room during the site study is the result of the presence of moisture that creates conditions conducive for mold growth. Building codes require ventilation be provided for attics and crawlspaces to prevent a mold-producing environment, by the use of static or power ventilators. Habitable spaces are mechanically ventilated and humidity-controlled with the heating/ventilation/air conditioning (HVAC) system. The three-season room is not externally ventilated and does not have conditioned/treated air. The lack of ventilation in the room allows the amount of water vapor in the room to elevate to a level that promotes mold growth.

Exterior Insulating and Finishing System (EIFS)

EIFS or synthetic stucco refers to a surface-sealed, water barrier system made up of a layer of foam and insulation board, fiberglass mesh, one or two base coats, and a finish coat of synthetic stucco. Commercial EIFS is generally thicker than residential. For older residential applications, the insulation board is glued on the substrate, which can be plywood, gypsum, oriented strand board (OSB), cement board, or masonry. A layer of fiberglass mesh is bedded over the insulation with an acrylic portland-cement base coat. A second base coat is sometimes applied before the finish coat. EIFS relies heavily on proper detailing, especially flashing and caulking.

EIFS siding's greatest strength is also its greatest weakness. Theoretically, because it is a water barrier system, water cannot get in, but when it does get in, it cannot easily get out. So, when water does get in, it gets trapped between sheathing and an otherwise impermeable covering. Standard stucco and other siding have built-in drainage systems. Modern EIFS sidings are installed with a built-in drainage system. The original configuration of EIFS used in older homes, such as is used in the Trine house, does not have an interior drainage system in the walls. This is because the insulation is glued directly to the sheathing. Typical flashing (around doors, windows, and other appurtenances) is not used with older residential EIFS, so caulk becomes the first line of defense at any penetration point. This defect is generally made evident by elevated moisture below the windows. Sealants around the windows that are cracked, separated, or have been historically repaired are often the sources of moisture intrusion.

EIFS sidings are a cementitious material that will expand and shrink with changes in temperature, causing cracks in the siding. This movement can produce

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horizontal cracks and breaches (penetrations) in the siding. These cracks and breaches in the EIFS siding are a maintenance issue and must be properly sealed to prevent moisture from penetrating the wall.

The trouble with older EIFS sidings is the lack of a water drainage plane. Once water penetrates the finish and base coats, there is no drainage system to let water escape and, as a result, the wood framing underneath acts as a sponge, termites can infest, and the wood decays.

Fungal Decay of Wood (Wood Rot)

Under normal ambient conditions, if the temperature is above freezing, if the wood is moist, and if the air around is still, the environment will be favorable for fungi to colonize and grow. For some fungal colonies to grow in wood and produce decay, the wood fibers must be moist, with a moisture content of about 19 to 20 percent (%). Dry rot can occur at moisture content that is lower than 19%.

Fungi propagate from spores that are small and light, and they can be carried in the air for long distances. An air sample taken almost anywhere in the atmosphere will contain spores that will grow if they land in a favorable place.

Dry rot V wet rot or simplyJ wood rot are all common terms used to describe the decay produced by fungi. Different fungi types produce a variety of fruiting bodies that may take the form of mushrooms; a horny or scabby growth; a powdery, fluffy brown mass; a colony of bright-colored pinheads; a whitish, undifferentiated slime; a thin, fragile, white root-like growth or a harder whitish deposit similar to spilled paint or dry bird feces. Regardless, all are forms of decay that can eventually harm the structural integrity of the host wood.

The decay process occurs when fungi produce chemicals and enzymes that dissolve and consume the cellulose in wood. When that happens, the wood loses its strength and, unless the fungus is killed early, will require replacement.

Once a colony of fungus becomes established, its growth is hard to stop. The easiest way is to eliminate one of the conditions required for its growth. The most important factor is excess moisture, but insufficient ventilation, and low light levels also promote the fungal activity.

The failure of caulk joints between the EIFS and the window, door openings, and other locations, has allowed moisture intrusion into the walls and column wraps. Rotted wood sheathing was found at the locations where the interior drywall had been removed for the site study. Rotted structural wood framing was found at the base of the column wrap at the southeast corner of the

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house. The buckled EIFS surfaces are a possible indication of compression of load-bearing structural members that have been damaged by rot. The moisture intrusion and rotting has been ongoing for an extended period of time (years). The rotting of structural members can weaken the structure to an unsafe condition. It is recommended that the extent of rotted wood be determined and the damaged areas replaced with new wood. It is recommended that the exterior building envelope be restored to a waterproof condition.

The rot that was found on the windowsills and wood on the doors is caused by trapped moisture in the wall and exterior moisture that has leaked inside through the gaps between the doors/windows and their frames.

Truss Uplift Arching

The cause of the vertical gap between the cove molding at the top of the wall, which is located between the hallway and the master bathroom/closet ceiling, is truss uplift. The term truss uplift, also known as arching, refers to flexing of the roof trusses caused by differences of moisture content and temperature between the top and bottom chords of the trusses. Wood changes dimension with changes in temperature and moisture content. The attic is an unconditioned space in a house and experiences wide variations in temperature and humidity depending on season and weather conditions. The top chords and web members of the trusses are exposed to these variations. The bottom chords of the trusses are less exposed because they are buried in the ceiling insulation. This creates situations where dimensional changes in the top chords and web members are different than the dimensional changes in the bottom chords. These differential dimensional changes cause flexing and vertical movement of the trusses. The two ends of a truss are connected to the load-bearing walls and do not move. The movement occurs between the two ends and is usually greatest at the center of the truss. The ceiling drywall is attached to the bottom chords of the trusses, so the ceiling drywall moves with the trusses when flexing of the trusses occurs. The interior walls of the house are attached to the floors and do not move with the trusses. This situation will cause gaps at the tops of interior walls that open and close with changes in the attic environment. Truss uplift cannot be eliminated. Proactive measures can be taken at the time of drywall installation to minimize the effects of truss uplift. Use of drywall clips and strategic fastening of the ceiling drywall can prevent separation at the tops of the interior walls.² Also,

² <http://www.buildingscience.com/documents/reports/tr-0107-drywall-wood-and-truss-uplift>

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crown molding can be attached to the ceilings around the perimeter of rooms to hide gaps that develop.

Concrete Floor Slab Tile Control Joints

Concrete shrinks when it dries, and thereafter in decreasing amounts, for a period of up to a year or more. Good, common, building practice is to install a formed slab control or construction joint at certain maximum recommended spacing, or locations where cracks would be expected to form. These control joints cause the concrete shrinkage to be concentrated at the control joint locations, which results in concrete shrinkage cracks occurring within the control joint. If a brittle material floor covering is installed to bridge above a control joint in a concrete slab, and a control joint is not installed in the tile, it is probable that the brittle floor covering will crack at the location of the underlying slab control joint. The location and orientation of the cracks in the basement tile correspond to probable locations of the underlying slab control or construction joints. The cracks in the tile are probably caused by the cracking of the underlying slab and the lack of corresponding control joints in the tile floor.

No damage was found during the site study that was caused by ice and snow. The damages found predate the reported date of loss of April 7, 2014.

Summary of Conclusions

In summary, based on what is known at this time, I am of the opinion that:

- At some locations on the tiled roof, underdriven nails, or nails that have undergone withdrawal after their installation, caused internal stress to some of the slate tiles.
- The internal stress in the slate roof tiles caused them to crack and become displaced from their installed location.
- Some cracked, missing, and displaced slate roof tiles are caused by the inadvertent damage of foot traffic on the tiles.
- The roof slope above the house is approximately 2:12. The shallowest slope permissible per the 2009 International Residential Code for One- and Two-Family Dwellings.
- Ice or snow did not cause damage to the slate roof tiles.

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- The patio/swimming pool area slab displaced upward/downward, and cracked as a result of frost heave.
- The eastward leaning of the pairs of decorative columns on the pedestal bases, which are located along the east edge of the patio/swimming pool-area slab, are caused by frost heave. The pedestals settled with the pool slab, causing the pairs of decorative columns and pedestal bases to lean eastward.
- Frost heave is a normal occurrence in cold climates.
- The cause of the vertical gap between the cove molding at the top of the wall, which is located between the hallway and the master bathroom/closet ceiling, is truss uplift.
- Truss uplift, also known as arching, refers to flexing of the roof trusses caused by differences of moisture content and temperature between the top and bottom chords of the wood roof trusses.
- The location and orientation of the cracks in the basement tile correspond to probable locations of underlying slab control or construction joints.
- The cracks in the basement floor tile are probably caused by the cracking of the underlying slab and the lack of corresponding control joints in the tile floor.
- The mold-like odor that was present in the three-season room during the site study is caused by the buildup of water vapor in the air of the room, as a result of the lack of room ventilation.
- The rot that was found on the windowsills and wood on the doors is caused by one or more of the following: trapped moisture in the wall and exterior moisture that has leaked inside through the gaps between the doors/windows and their frames.
- The failure of caulk joints and flashing between the EIFS and the window, door openings, and other locations has allowed moisture intrusion into the walls and column wraps.

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- Rotted wood sheathing was found at the locations where the interior drywall had been removed for the site study.
- Rotted structural wood framing was found at the base of the column wrap at the southeast corner of the house.
- The buckled EIFS surfaces are a probable indication of compression of load-bearing structural members that have been damaged by rot.
- The moisture intrusion and rotting has been ongoing for an extended period of time (years).
- The rotting of structural members can weaken the structure to an unsafe condition.
- It is recommended that the extent of rotted wood be determined and the damaged areas replaced with new wood. It is recommended that the exterior building envelope be restored to a waterproof condition.
- No damage was found that was caused by ice and snow.

This report is based on presently known and available facts, data, and information. To the extent that additional or different facts, data, or information is developed or discovered after the issuance of this report, Donan reserves the right to amend, alter, or change the report as needed to reflect consideration of the additional or different facts, data, or information.

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We appreciate your confidence in our professional services.

Sincerely,

DONAN ENGINEERING CO., INC.

A handwritten signature in black ink that reads "Scott L. Muka". The signature is written in a cursive style with a large, stylized 'S' and 'M'.

Scott L. Muka, S.E., P.E.
Senior Forensic Engineer
Indiana PE: 19300446
Expires: July 31, 2014

Attachment

Ralph & Sheri Trine

Claim No.: 140HP000252

Buckeye State Mutual Insurance Co.



Photograph 1: The front of the house faces west.



Photograph 2: Viewing the south and the west sides of the house.

Ralph & Sheri Trine

Claim No.: 140HP000252

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Photograph 3: Viewing the back (east) side of the house,



Photograph 4: Viewing the south and the east sides of the house.

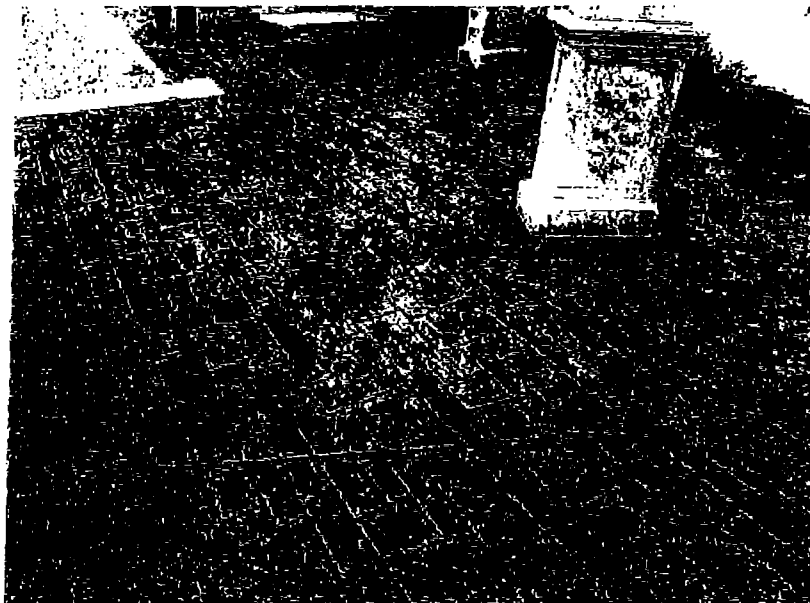
Ralph & Sheri Trine

Claim No.: 140HP000252

Buckeye State Mutual Insurance Co.



Photograph 5: Viewing cracks in the concrete patio.

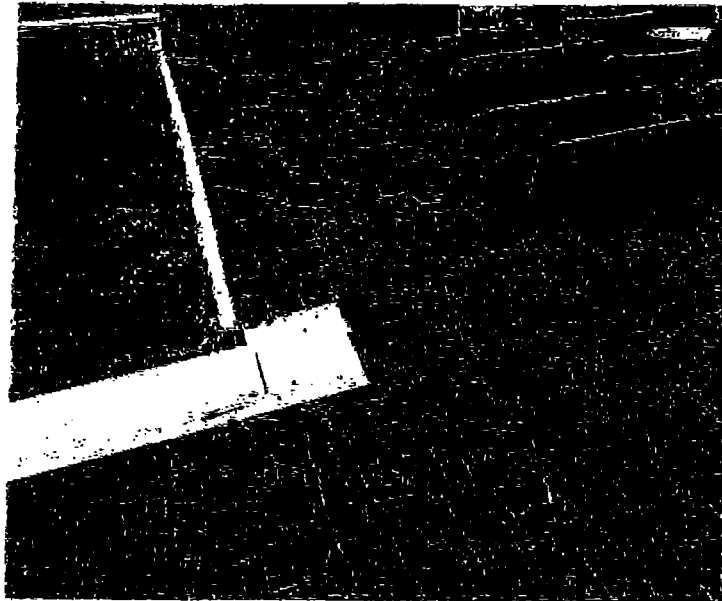


Photograph 6: Viewing cracks in the concrete patio.

Ralph & Sheri Trine

Claim No.: 140HP000252

Buckeye State Mutual Insurance Co.



Photograph 7: Viewing cracks in the concrete patio.



Photograph 8: Viewing cracks in the concrete patio.

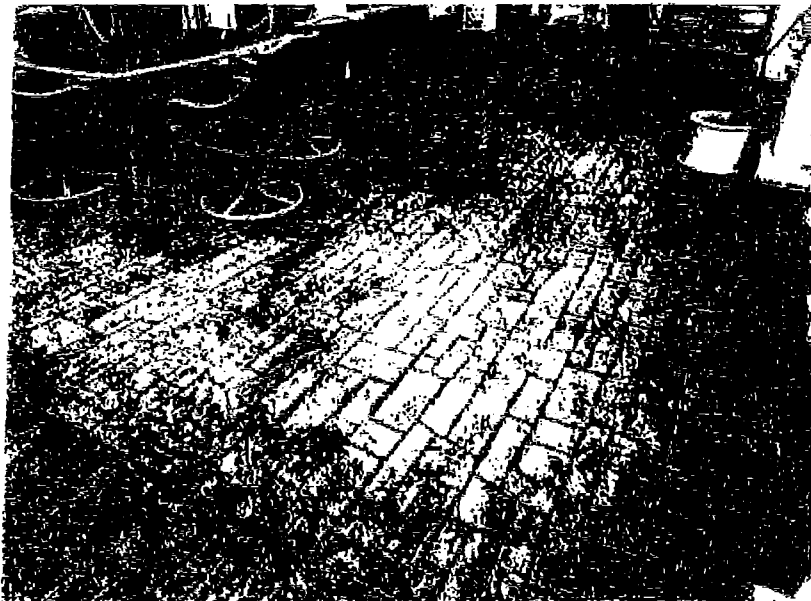
Ralph & Sherl Trine

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Buckeye State Mutual Insurance Co.



Photograph 9: Viewing cracks in the concrete patio.



Photograph 10: Viewing cracks in the concrete patio.

Ralph & Sheri Trine

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Photograph 11: Viewing cracks in the concrete patio.



Photograph 12: Viewing cracks in the concrete patio.

Ralph & Sheri Trine

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Photograph 13: Viewing the uplifted slab and pool cover guide at the edge of the pool.



Photograph 14: Viewing the decorative columns, which are located along the east edge of the patio slab.

DEC#: 05-14040204-0

Donan Engineering Co. Inc.

Ralph & Sheri Trine

Claim No.: 140HP000252

Buckeye State Mutual Insurance Co.



Photograph 15: The columns and pedestal base are leaning eastward.



Photograph 16: The columns and pedestal base are leaning eastward.

DECI#: 05-14040204-0

Donan Engineering Co. Inc.

Ralph & Sheri Trine

Claim No.: 140HP000252

Buckeye State Mutual Insurance Co.



Photograph 17: The 4-foot-long soil probe was inserted at an angle to determine whether a foundation is located beneath the pedestal.

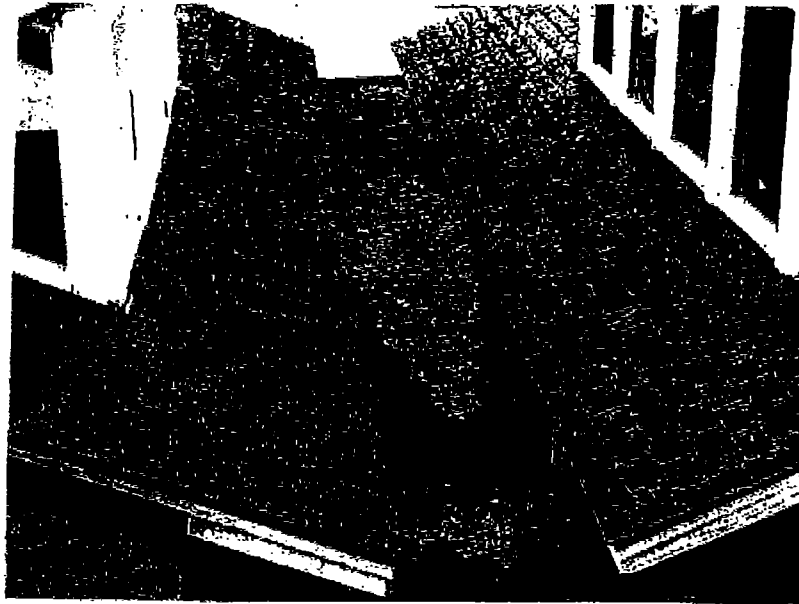


Photograph 18: Viewing sliding and missing slates on the high roof.

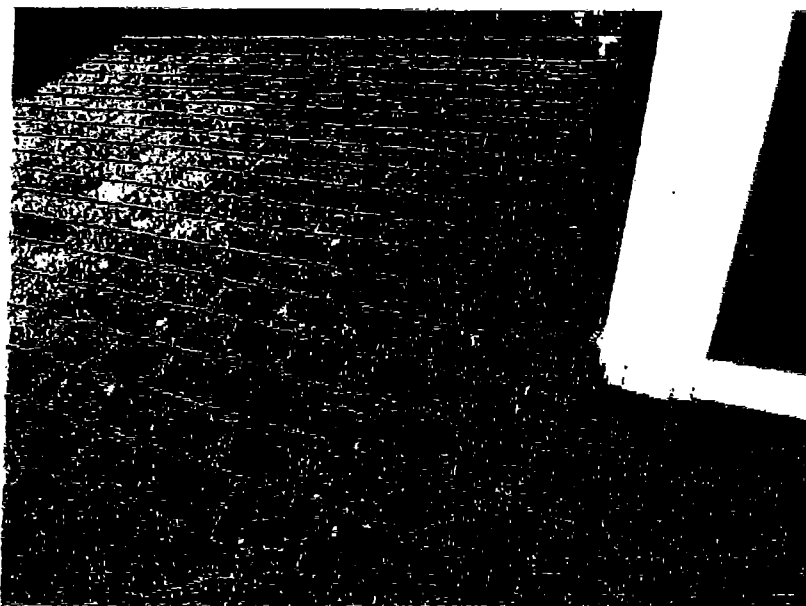
Ralph & Sheri Trine

Claim No.: 140HP000252

Buckeye State Mutual Insurance Co.



Photograph 19: Viewing sliding and missing slates on the high roof.



Photograph 20: Viewing broken slates on the low roof.

Ralph & Sheri Trine

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Photograph 21: Viewing broken slates on the low roof.

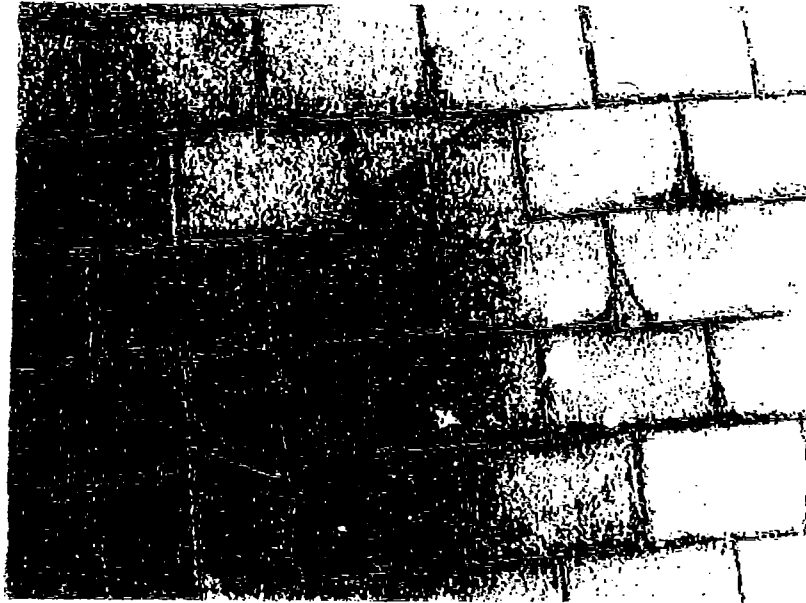


Photograph 22: Viewing broken slates on the low roof.

Ralph & Sheri Trine

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Photograph 23: Viewing broken slates on the low roof.



Photograph 24: Viewing broken slates on the low roof.

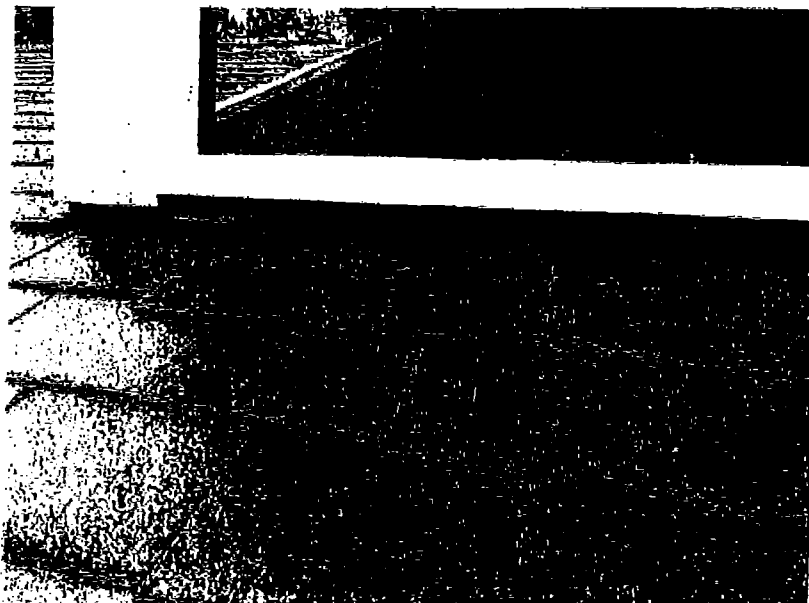
Ralph & Sheri Trine

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Photograph 25: Viewing partially withdrawn slate fastening nails.



Photograph 26: Viewing partially withdrawn slate fastening nails.

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Photograph 27: Viewing a cracked slate at the location of a withdrawn nail.

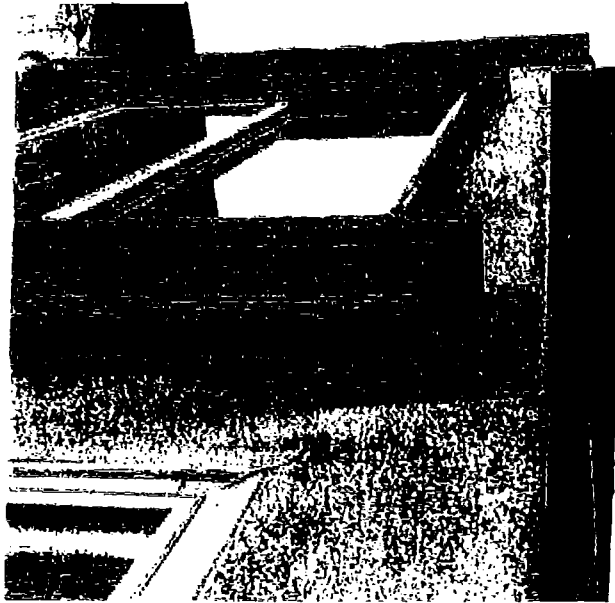


Photograph 28: A close view of a partially withdrawn nail below a crack on a piece of slate,

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Photograph 29: Viewing a buckled section of EIFS.



Photograph 30: Viewing a buckled section of EIFS.

Ralph & Sheri Trine

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Photograph 31: Viewing a crack in the EIFS, which has deteriorated historical repairs.

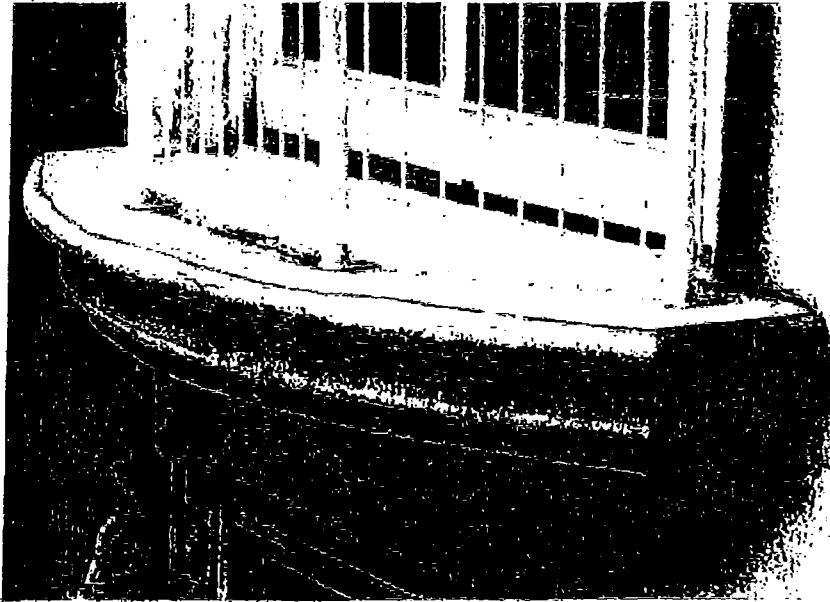


Photograph 32: A close view of cracks in the EIFS, which have deteriorated sealant.

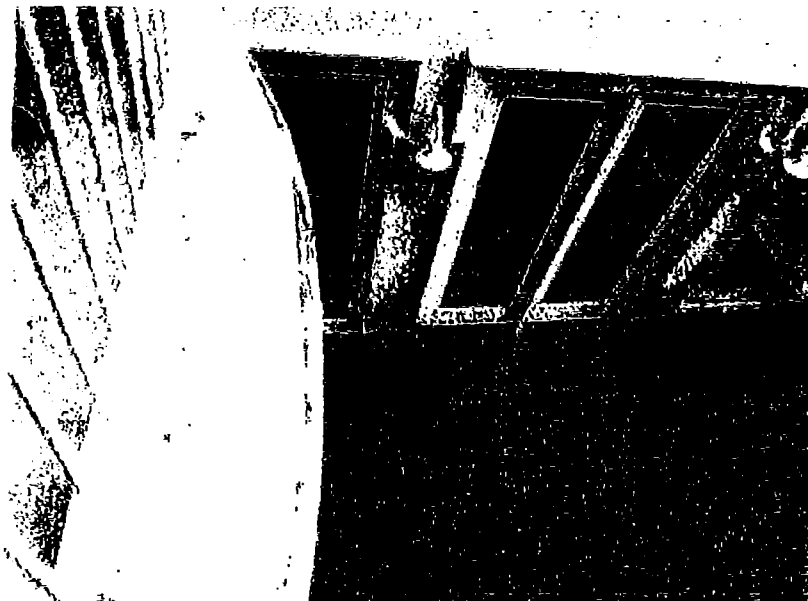
Ralph & Sheri Trine

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Photograph 33: Viewing cracks in the EIFS around the perimeter edge of a balcony.



Photograph 34: Viewing cracks in the EIFS around the perimeter edge of a balcony.

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Photograph 35: Viewing cracks in the EIFS around the perimeter edge of a balcony.

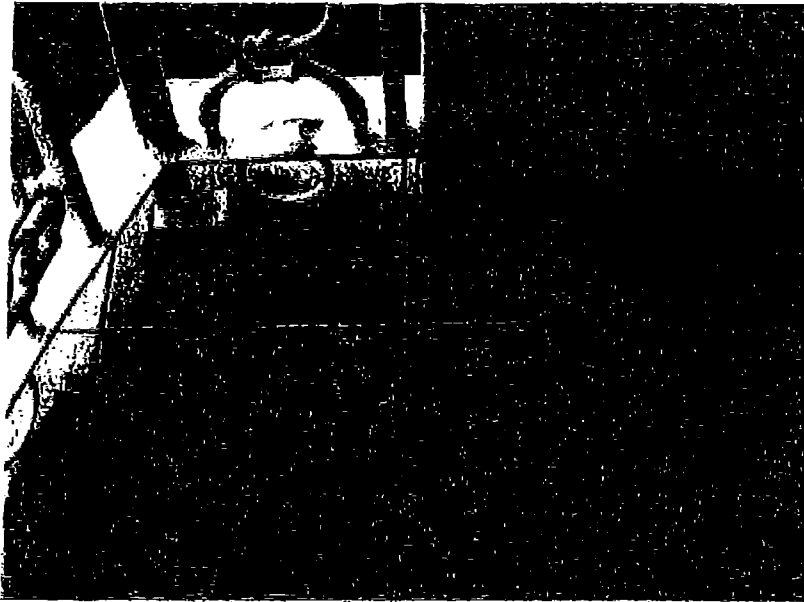


Photograph 36: A close view of the deteriorated EIFS on the edge of a balcony.

Ralph & Sheri Trine

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Photograph 37: Viewing deteriorated mortar joints to the floor of a west-facing balcony.

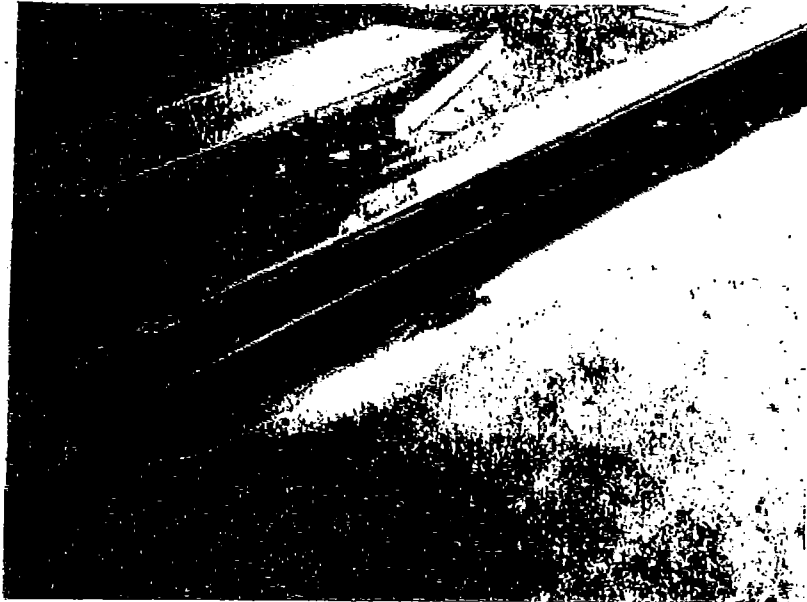


Photograph 38: The threshold for the sliding glass doors are mounted on the balcony surface.

Ralph & Sheri Trine

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Photograph 39: The balcony floor is approximately the same level as the house floor.

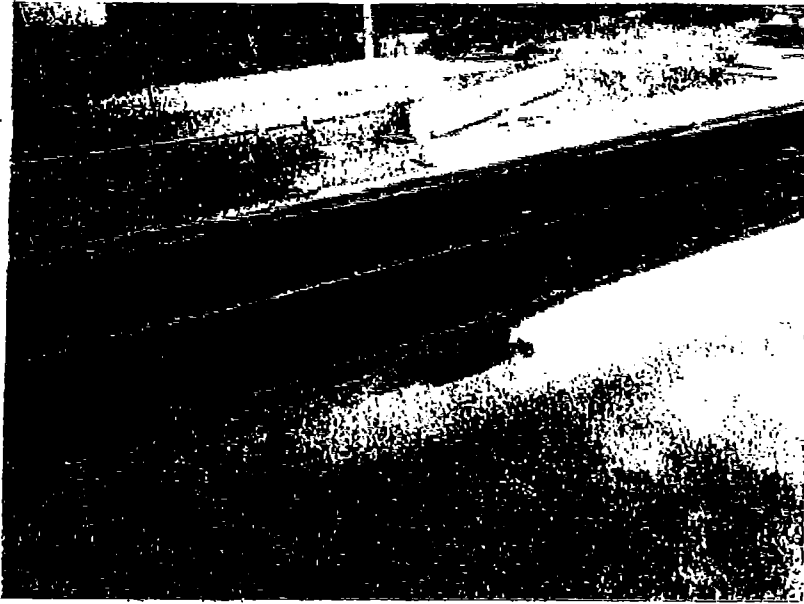


Photograph 40: Viewing a gap between the balcony membrane and the door threshold.

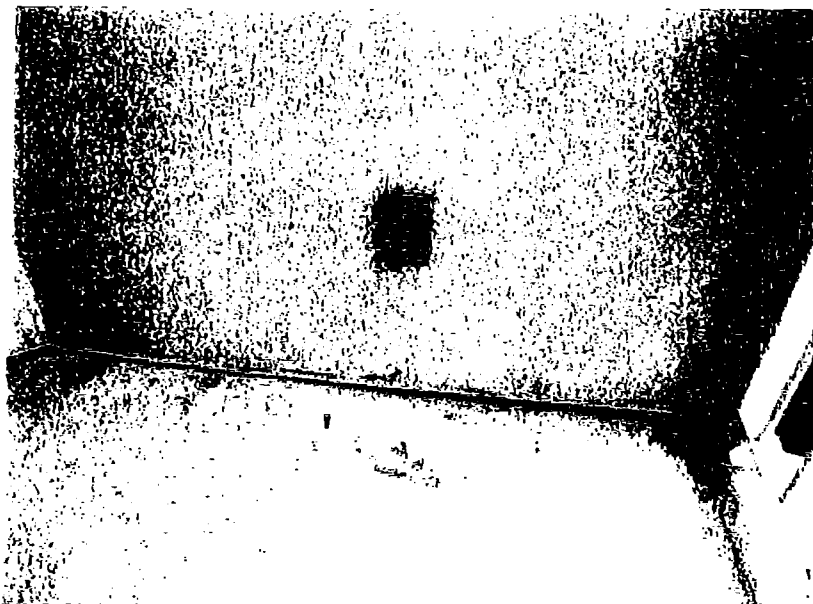
Ralph & Sheri Trine

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Photograph 41: Viewing a gap between the balcony membrane and the door threshold.



Photograph 42: Viewing a gap between the balcony membrane and the wall of the house.

Ralph & Sheri Trine

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Photograph 43: Viewing an open gap between the underside of the balcony and the column.

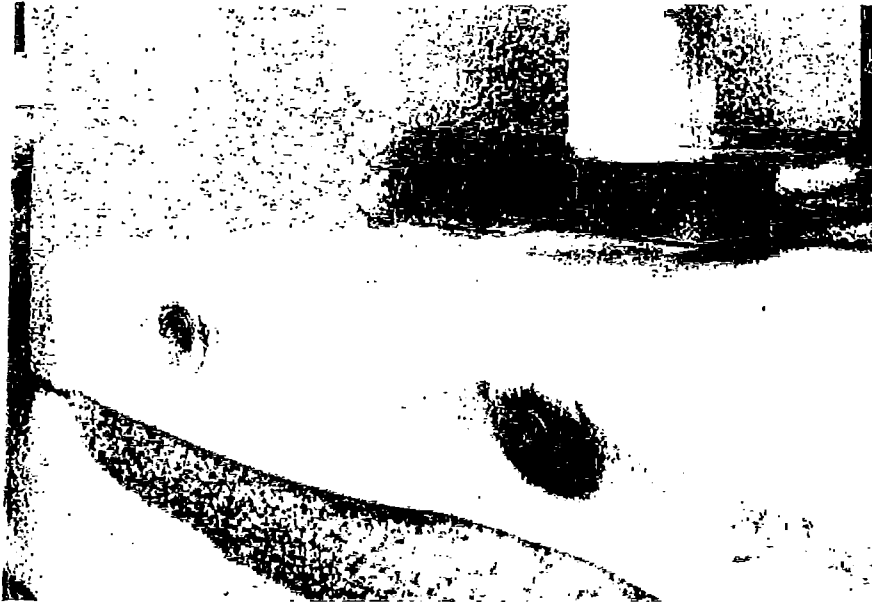


Photograph 44: Viewing an open gap between the balcony membrane and the column.

Ralph & Sheri Trine

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Photograph 45: Viewing an open gap between the balcony membrane and the column.



Photograph 46: Viewing an open gap between the balcony membrane and the column.

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Photograph 47: Viewing a column, which has a section of EIFS removed at the base.



Photograph 48: Viewing the rotted wood at a structural column.

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Photograph 49: Viewing a window located at the south end of the east wall. Cracks in the drywall and window molding are circled.



Photograph 50: A close view of the cracked drywall and window molding.

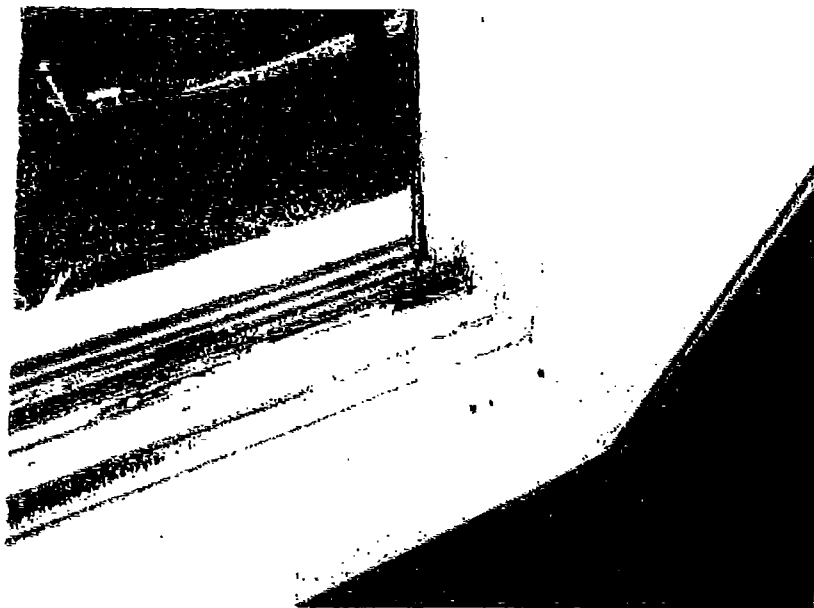
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Photograph 51: Viewing dark-colored marks above the light bulbs at the southeast corner of the great room.



Photograph 52: Viewing rotted wood at the bottom of a window pane.

Ralph & Sheri Trine

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Photograph 53: Viewing rotted wood at the bottom of a window pane.



Photograph 54: Viewing rotted wood at the bottom of the window pane.

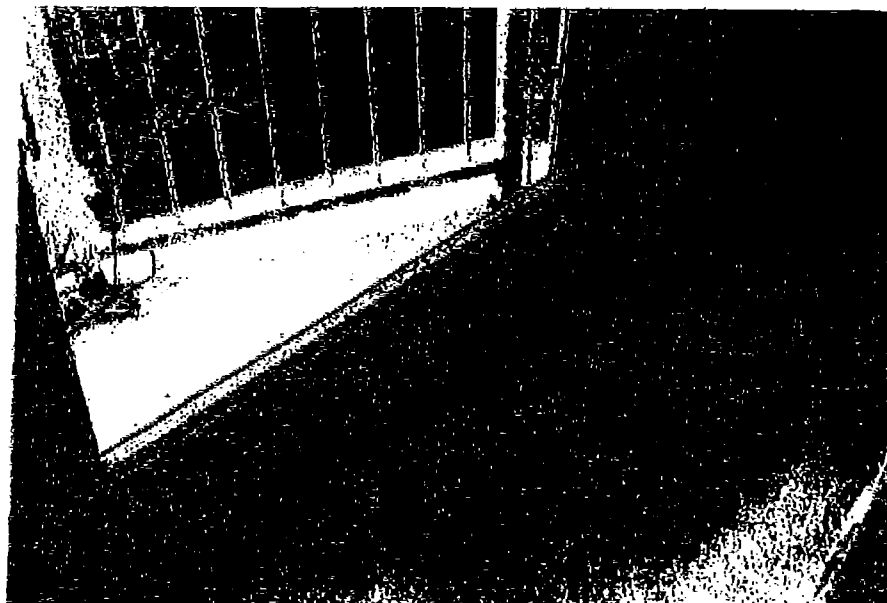
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Photograph 55: Viewing rot on the bottom rail of a sliding glass door.



Photograph 56: Viewing rot on the bottom rail of a sliding glass door.

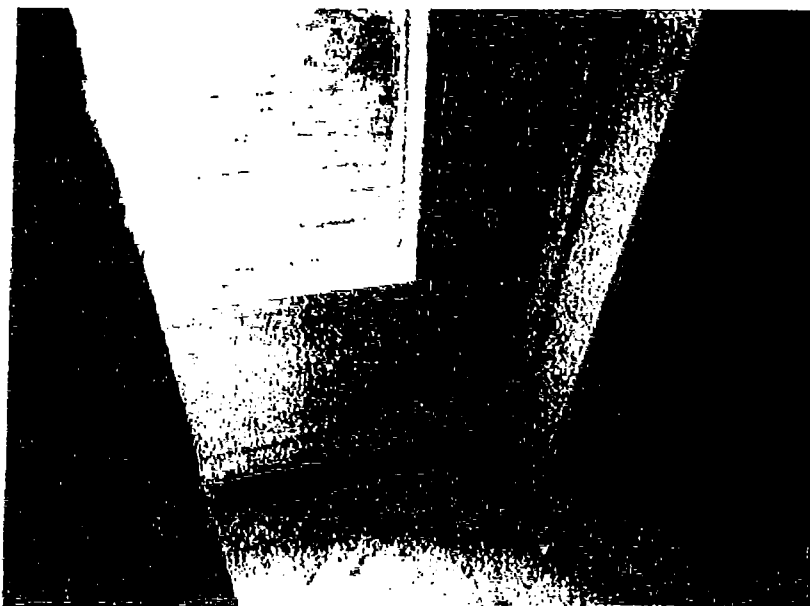
Ralph & Sheri Trine

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Photograph 57: Viewing rot on the bottom rail of a sliding glass door.

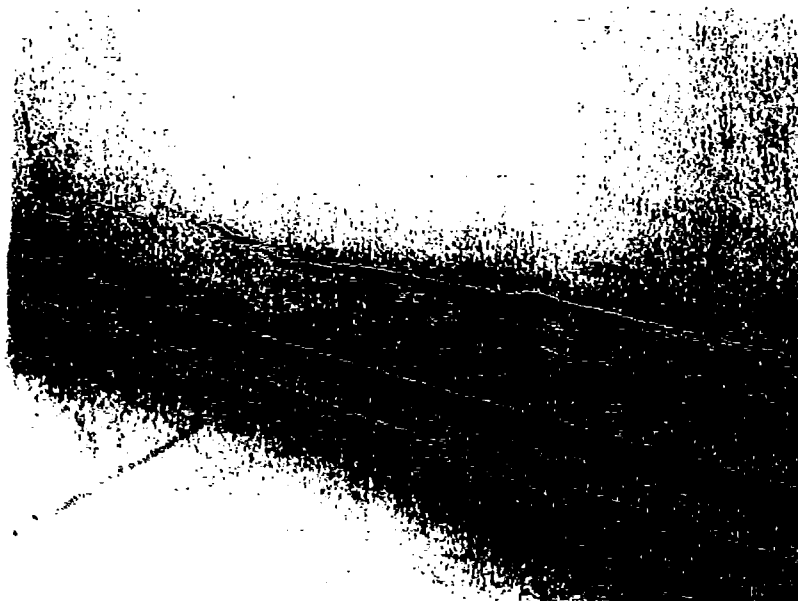


Photograph 58: Viewing rot on the bottom rail of a sliding glass door.

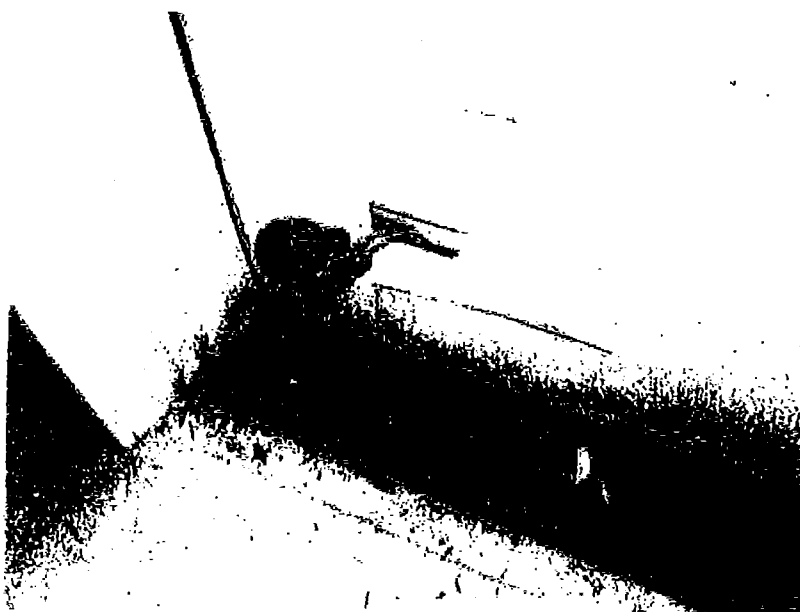
Ralph & Sheri Trine

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Photograph 59: Viewing rot on the bottom rail of a sliding glass door.

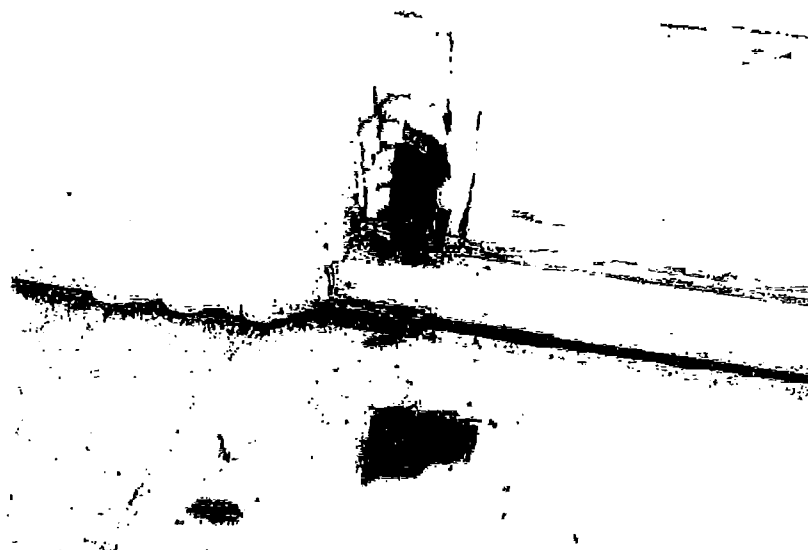


Photograph 60: Viewing rot on the bottom rail of a sliding glass door.

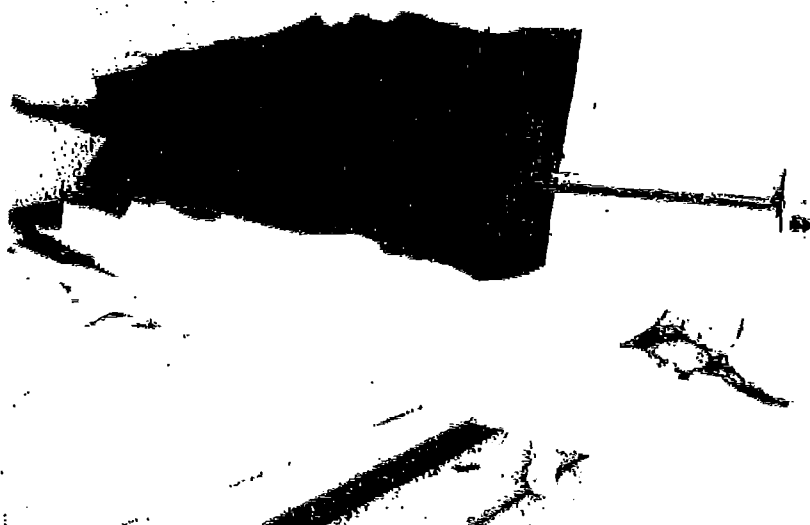
Ralph & Sheri Trine

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Photograph 61: Viewing rot on the bottom rail of a sliding glass door.



Photograph 62: Viewing rot on the bottom rail of a sliding glass door.

Ralph & Sheri Trine

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Buckeye State Mutual Insurance Co.



Photograph 63: Viewing a section of wall, which has had the drywall removed from interior face of the wall.



Photograph 64: Viewing a section of basement wall, which has had the drywall removed from interior face of the wall.

Ralph & Sheri Trine

Claim No.: 140HP000252

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Photograph 65: Viewing a section of wall, at the second-floor level, which has had the drywall removed from interior face of the wall.

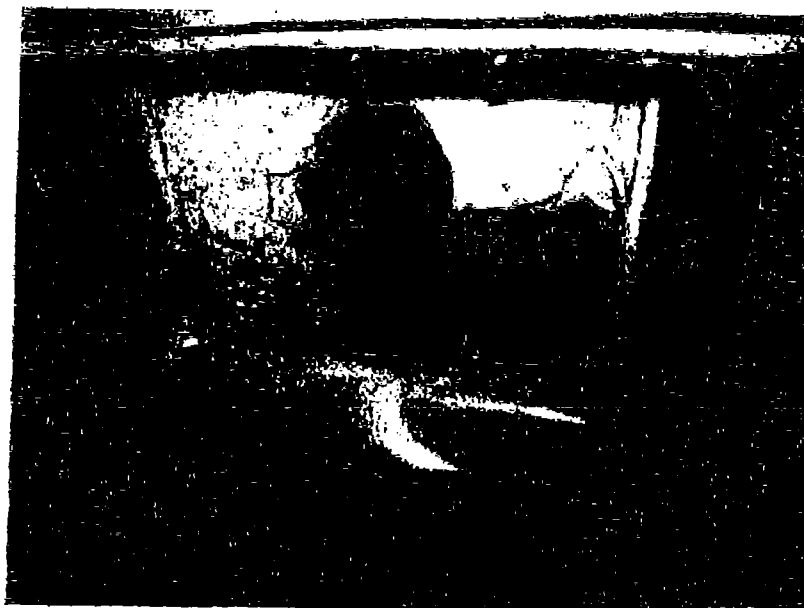


Photograph 66: A layer of spray-foam urethane insulation is located behind the polyvinyl vapor barrier.

Ralph & Sheri Trine

Claim No.: 140HP000252

Buckeye State Mutual Insurance Co.



Photograph 67: The remnants of a layer of oriented strand board (OSB) wall sheathing are evident behind the sprayed rigid-foam urethane insulation.

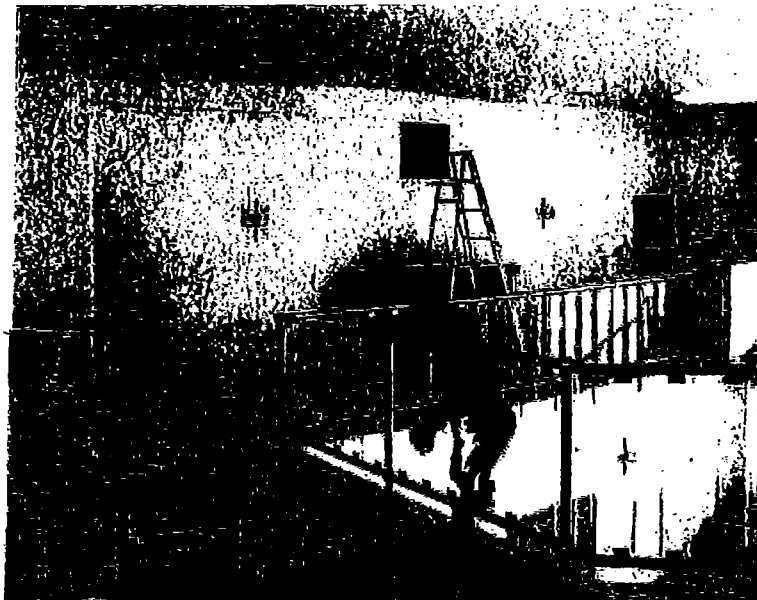


Photograph 68: The remnants of the OSB wall sheathing are deteriorated to a rotted, flaking material.

Ralph & Sheri Trine

Claim No.: 140HP000252

Buckeye State Mutual Insurance Co.



Photograph 69: Viewing the wall, which is located along the hallway above the north side of the great room.

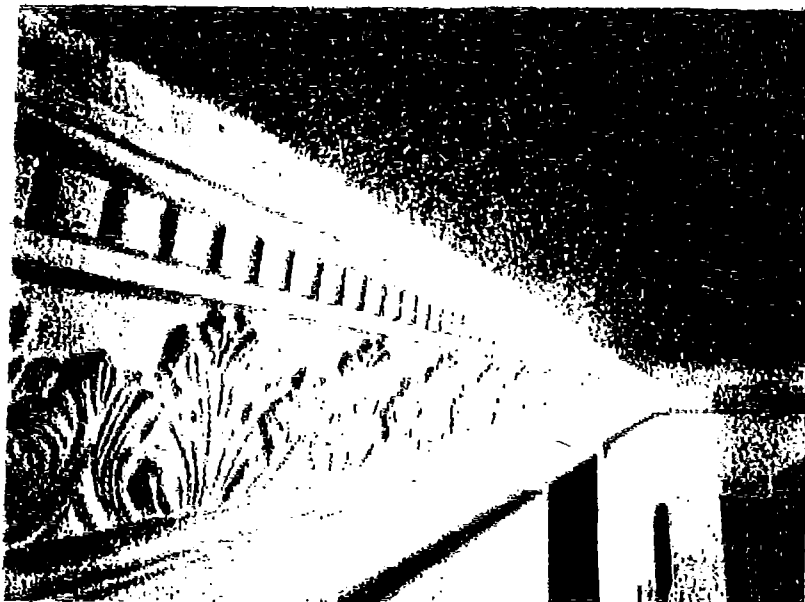


Photograph 70: Viewing dark streaks located at light bulbs along the ribbon string lights.

Ralph & Sheri Trine

Claim No.: 140HP000252

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Photograph 71: Viewing east along the hallway crown molding.

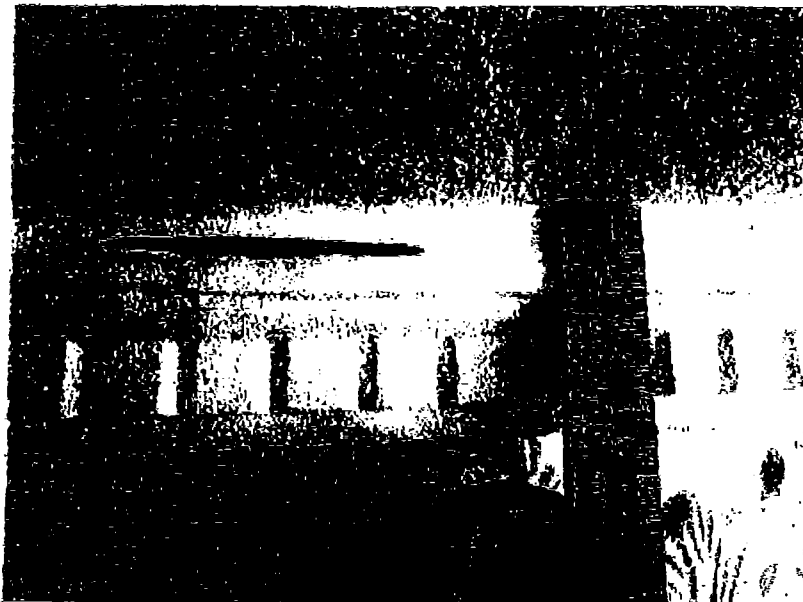


Photograph 72: Viewing west along the hallway crown molding.

Ralph & Sheri Trine

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Photograph 73: Measuring the open gap at the bead of sealant above the crown molding.



Photograph 74: Viewing the south wall of the master bathroom. A gap is present between the top of the crown molding and the ceiling.

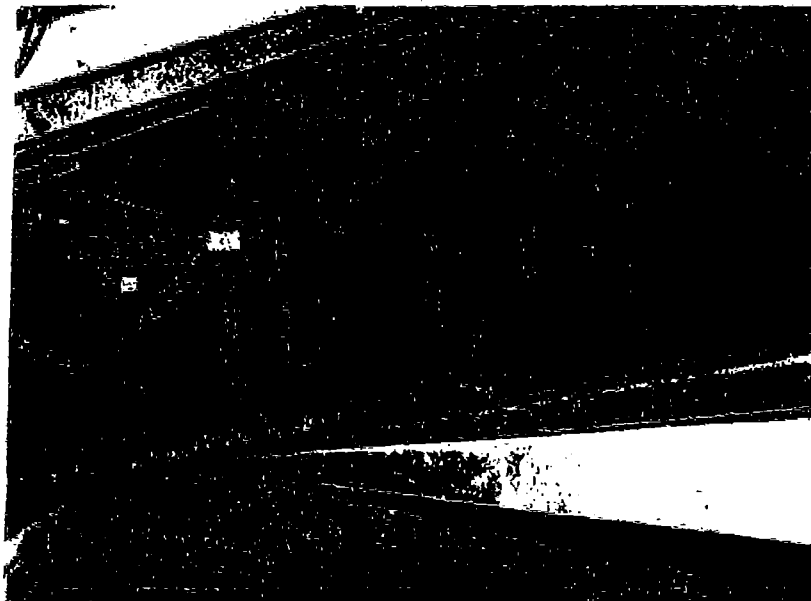
Ralph & Sheri Trine

Claim No.: 140HP000252

Buckeye State Mutual Insurance Co.



Photograph 75: Viewing the south wall of the master closet opposite the hallway wall. A gap is present between the top of the crown molding and the ceiling.



Photograph 76: Viewing southwest in the attic.

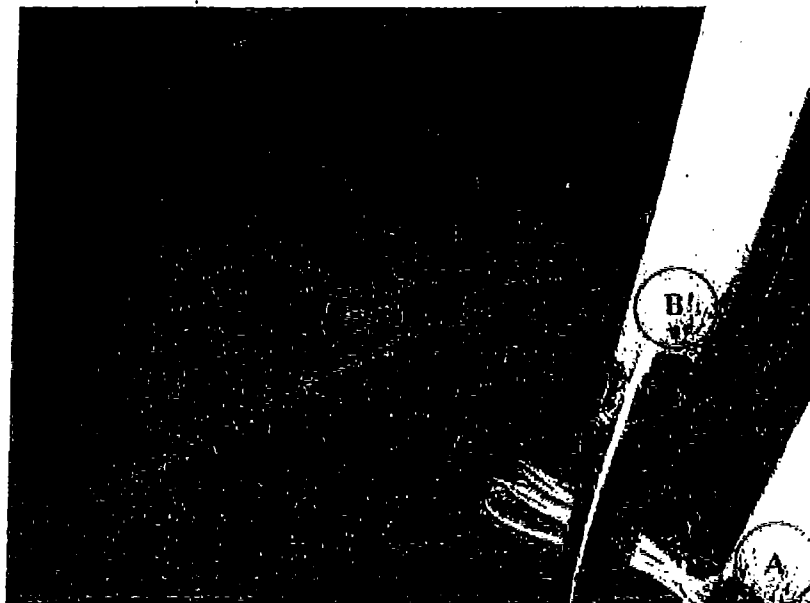
Ralph & Sheri Trine

Claim No.: 140HP000252

Buckeye State Mutual Insurance Co.



Photograph 77: Viewing west in the attic.



Photograph 78: Viewing southwest in the attic. The mono-trusses are labeled C. The vertical ends member of the mono-trusses (labeled B) are framed into the girder truss (labeled A).

Ralph & Sheri Trine

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Photograph 79: Viewing east in the banquet room.



Photograph 80: Viewing a crack in the floor tile, which is oriented in the east/west direction (circled).

Ralph & Sheri Trine

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Photograph 81: Viewing north at a crack in the floor tile, which is oriented in the north/south direction.

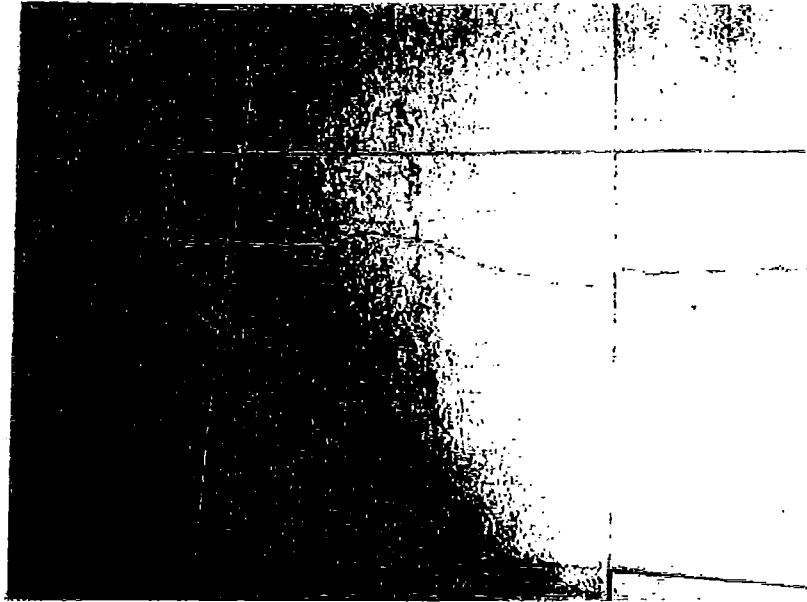


Photograph 82: Viewing south at the crack that is shown in photograph 81.

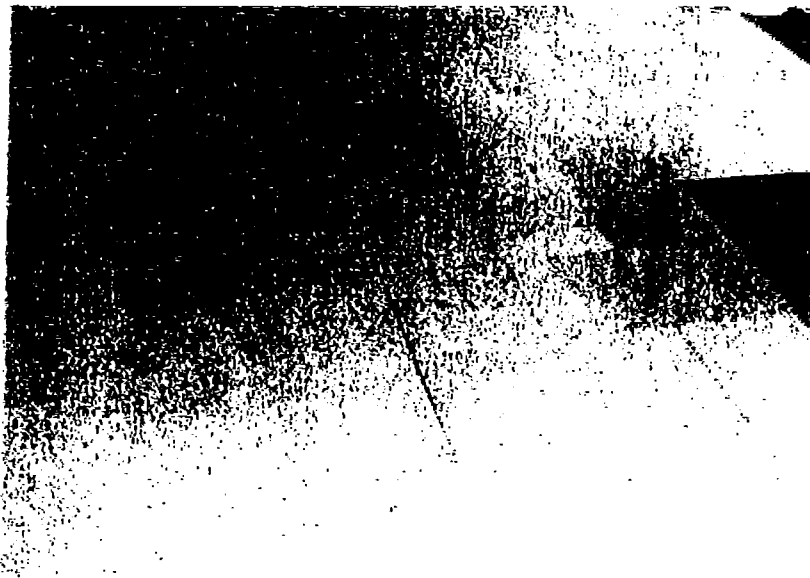
Ralph & Sheri Trine

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Photograph 83: A close view of the cracked floor tiles.

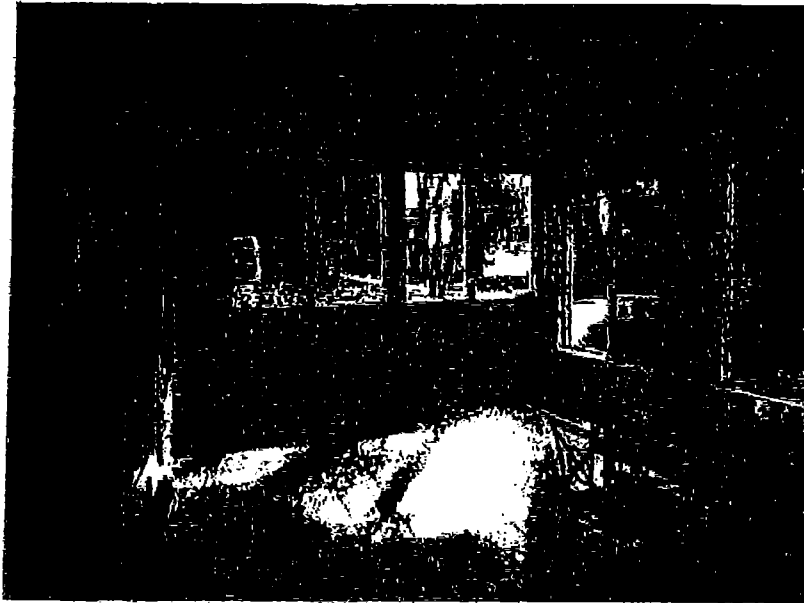


Photograph 84: Steel of a cracked grout joint.

Ralph & Sheri Trine

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Photograph 85: Viewing west in the three-season room.



Photograph 86: Viewing east in the three-season room.

DEC#: 05-14040204-0

Donan Engineering Co. Inc.

May 15, 2014

Ralph and Sheri Trine
40 Lane 530 A Lake James
Fremont, IN 46737

Re: Company Claim No. 140HP000252
Insured: Ralph Trine
Date of Loss: 04/07/2014

Dear Mr. and Mrs. Trine:

This letter is to advise you of the findings of the inspection of your property. As you know, Donan Engineering conducted a study of the home on April 25, 2014, to determine the cause of numerous concerns. Based on their findings, it has been determined that damages did not result from the weight or ice or snow, or any other covered cause of loss.

Below you will find a description of each concern along with the exclusionary policy language. Enclosed is a copy of the report for your review.

- The roof damages have been related to under driven nails, or nails that have undergone withdrawal after installation, causing internal stress to some of the tiles. Some cracked and missing tiles were caused by inadvertent damage of foot traffic. No damage was caused by the weight of ice or snow.

Please refer to your HO 0005 (09/08) Page 23 or 47 and 28 of 47:

1. Exclusions That Apply To Coverage A, Coverage B, And Coverage C

j. Wear And Tear -- "We" do not pay for loss caused by:

- 1) wear and tear, marring, or deterioration;
- 2) mechanical breakdown, latent defect, inherent vice, or any quality, fault, or weakness in property that causes it to damage or destroy itself;
- 3) rust or other corrosion or smog; or
- 4) pressure from or the presence of roots of trees, plants, shrubs, or other vegetation.

EXCLUSIONS THAT APPLY TO PROPERTY COVERAGES

2. "We" do not pay for loss or damage caused by or resulting from one or more of the following excluded causes or events. However, "we" do pay for an ensuing loss that is otherwise covered by this policy.

b. Errors, Omissions, And Defects --

"We" do not pay for loss caused by one or more of the following:

- 1) an act or decision of any person, group, organization, or governmental body or authority, or the failure of any person, group, organization, or governmental body or authority to act or decide; or

EXHIBIT

"C"

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- 2) a defect, a weakness, the inadequacy, a fault, or unsoundness in the:
 - a) development, planning, siting, surveying, zoning;
 - b) construction, compaction, design, grading, remodeling, renovation, repair, specification, workmanship;
 - c) materials used in construction, remodeling, renovation, or repair; or
 - d) maintenance;

of any property, whether in whole or in part, and whether on or away from the "described location", except as provided under the Incidental Property Coverage for Collapse.

- The patio/swimming pool area have been displaced and cracked due to frost heave.

Please refer to your H/O 0005 (09/08) Page 22 or 47:

1. Exclusions That Apply To Coverage A, Coverage B, And Coverage C

c. Freezing, Thawing, Pressure, Or Weight Of Ice Or Water -- "We" do not pay for loss caused by freezing, thawing, pressure, or weight of ice or water, whether driven by wind or not, to:

- 1) fences, patios, paved areas, or swimming pools;
- 2) bulkheads, footings, foundations, walls, or any other structures or features that support all or part of a building or other structure;
- 3) bulkheads or retaining walls that do not support all or part of a building or other structure; or
- 4) docks, piers, or wharves.

- The cause of the vertical gap between the cove molding and the wall is truss uplift.
- The cracks in the basement tile correspond to the probable locations of underlying slab control or construction joints. It is probable the cracking is caused by lack of corresponding control joints of the underlying slab.

Please refer to your H/O 0005 (09/08) Page 23 or 47:

1. Exclusions That Apply To Coverage A, Coverage B, And Coverage C

f. Settling, Cracking, Shrinkage, Bulging, Or Expanding -- "We" do not pay for loss caused by the settling, cracking, shrinkage, bulging, or expanding of:

- 1) bulkheads;
- 2) ceilings;
- 3) floors;
- 4) footings;
- 5) foundations;
- 6) patios;
- 7) paved areas;
- 8) roofs; or
- 9) walls.

- The mold-like odor that was present in the three-season room is caused by the buildup of water vapor in the room, as a result of the lack of ventilation. Since this is merely an odor, and did not cause any direct physical damage to the structure, coverage would not be considered.

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- The rot to the windowsills and wood doors is caused by one or more of the following: trapped moisture in the wall and exterior moisture that has leaked inside through the gaps between the doors and windows. The failure of the caulk joints and flashing between the EIFS (exterior insulating and finishing system) and windows, door opening, etc. has allowed moisture intrusion into the walls and column wraps. Rotted wood sheathing and structural wood framing were found as well. The moisture intrusion has been ongoing for an extended period of time and was not caused by the weight of ice or snow.

Please refer to your POLICIES (09/08) Page 23 or 47, 26 of 47, 27 or 47, and 28 or 47:

Exclusions That Apply To Coverage A, Coverage B, And Coverage C

j. Wear And Tear -- "We" do not pay for loss caused by:

- 1) wear and tear, including deterioration;
- 2) mechanical breakdown, latent defect, inherent vice, or any quality, fault, or weakness in property that causes it to damage or destroy itself;
- 3) rust or other corrosion, including
- 4) pressure from the presence of roots of trees, plants, shrubs, or other vegetation.

EXCLUSIONS THAT APPLY TO PROPERTY COVERAGES

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

These exclusions apply whether or not an extensive area suffers damage from or is affected by the excluded cause or event.

g. Water

1) "We" do not pay for loss caused by:

- a) flood;
- b) surface water;
- c) waves, including those limited to tidal wave and tsunami;
- d) tides;
- e) tidal waves;
- f) overflow of any body of water; or
- g) spring water that flows above the surface of the ground.

This exclusion does not include tidal surge, storm surge, and storm tide.

- 3) "We" do not pay for loss caused by water below the surface of the ground. This includes, but is not limited to, water that exerts pressure on, or seeps, leaks, or flows through or into, a building, its walls, its sewer, patio, foundation, swimming pool, or other structure.

- j. **Bacteria, Fungi, Wet Rot, Dry Rot --** "We" do not pay for loss, cost, or expense caused by, consisting of, or resulting from the presence of or any activity of bacteria, "fungi", wet rot, or dry rot that is not the result of a fire or other insured peril.

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EXCLUSIONS THAT APPLY TO PROPERTY COVERAGES

2. "We" do not pay for loss or damage caused by or resulting from one or more of the following excluded causes or events. However, "we" do pay for an ensuing loss that is otherwise covered by this policy:

b. Errors, Omissions, And Defects --

"We" do not pay for loss caused by one or more of the following:

- 1) an act or decision of any person, group, organization, or governmental body or authority, or the failure of any person, group, organization, or governmental body or authority to act or decide; or
- 2) a defect, weakness, inadequacy, a fault, or unsoundness in the:
 - a) development, plan, design, siting, surveying, zoning;
 - b) construction, completion, design, grading, remodeling, renovation, repair, specification, workmanship;
 - c) material used in construction, remodeling, renovation, or repair; or
 - d) maintenance;

of any property, whether whole or in part, and whether on or away from the "described location", except as provided under the Incidental Property Coverage for Collapse.

We are sorry we could not be of more assistance to you in this matter. If you should have any questions, please call at 858-458-187.

Sincerely,

Mike Rodriguez
Claim Representative

Cc: Croxton and ... Insurance